



# Administration Cites Alarm at Size of Probe In Pentagon Fraud Case

WASHINGTON — The administration and members of Congress cited alarm Thursday with a massive Pentagon fraud investigation after learning that more than 100 subpoenas had been served in the case involving all four military services and some of the nation's leading military contractors.

One search warrant made public Thursday showed that the U.S. Navy's former procurement chief obtained classified Pentagon data to help sell his company's fighter planes.

"I think we're all aware of the wide scope of this investigation," the chief White House spokesman, Martin Fitzwater said, "and it certainly poses an internal security problem and an abuse of power of dimensions that have to be dealt with forthrightly."

The grand jury subpoenas, issued over the past two days, were in addition to the nationwide searches conducted by federal agents on Tuesday at defense contractors across the country and at the Pentagon.

Senator John W. Warner of Virginia, the ranking Republican member of the Armed Services Committee, said the investigation had turned up "troubling bribery in the government." He said it included allegations of cash payments, purchase of cars and payments of bills for government employees.

His comment came as a Justice Department search warrant served on McDonnell Douglas Corp. revealed the first details in the investigation. It alleged that Melvin R. Paisley, a company consultant who was formerly the U.S. Navy's procurement chief, obtained classified or secret Pentagon data to help sell the company's fighter planes.

Mr. Paisley, who left his navy post a year ago, is reported to be a central figure in the investigation over alleged payments of bribes and kickbacks to government officials who leaked inside contract information.

President Ronald Reagan, taking a rare active role in an ongoing federal investigation, told top law enforcement officials Thursday to move "as rapidly as possible" to get the facts in.

Federal investigators armed with evidence from two years of wiretaps and from this week's coast-to-coast raids are preparing to approach witnesses, who now may be forced to cooperate in the investigation.

Government sources said that searches of offices of 15 defense contractors on Tuesday stemmed from wiretaps on the offices of two top Pentagon officials.

According to law enforcement officials, agents of the FBI and the Naval Investigative Service are reviewing the actions of procurement officials in all four military services, and of some of the nation's largest military contractors.

The FBI confirmed Wednesday that six current or former Pentagon officials involved in procurement were served with search warrants this week.

A senior law enforcement official said there was "direct evidence" that a number of Pentagon aides had taken bribes as part of the suspected scheme, but he would not be more specific or name any of them.

Law enforcement officials said that a grand jury was expected to return indictments later this summer against as many as several dozen people.

According to the officials, investigators have determined that Pentagon aides improperly assisted contractors by providing them with information, much of it classified, that was helpful in obtaining Defense Department contracts worth tens of millions of dollars.

Also under scrutiny, they said, are former Defense Department officials who left the military to become private consultants to military contractors.

No arrests have been made. Law enforcement officials said they hoped that suspects in the investigation, as part of plea bargains, would implicate other, more senior officials in the Pentagon, as well as executives of major military contractors and their private consultants.

During the surprise, court-approved searches Tuesday, U.S. agents seized files at the Pentagon and in the offices of 15 companies, including McDonnell Douglas, Northrop Corp., United Technologies Corp. and the Unisys Corp.

The FBI said Wednesday that search warrants were served on five procurement officials now working for the Defense Department: three from the navy, and one each from the air force and the marines.

The Pentagon offices of two of the officials — Victor D. Cohen, the director of tactical weapons acquisition at the air force, and James Gaines, a deputy assistant secretary of the navy — were searched and sealed.

The three others were served with search warrants at their homes or at other locations outside the Pentagon.

(NYT, AP, Reuters, UPI)



THAI AND VIETNAMESE OFFICIALS MEET — Foreign Minister Siddhi Savetsila of Thailand, right, greeting Foreign Minister Nguyen Co Thach of Vietnam on Thursday in Bangkok. Their discussions were to focus on achieving peace in Cambodia.

# At AIDS Meeting, News Was Mostly Bad

By Michael Specter  
*Washington Post Service*

STOCKHOLM — As scientists learn more about the AIDS epidemic, even the most optimistic among them find it difficult to continue talking about finding a "cure" for the disease.

Instead, the rapid technological advances of the past year, reported at the fourth international conference on AIDS in Stockholm, have led mostly to bad news.

Researchers at the meeting, which ended Thursday, heard that the AIDS virus, or HIV, hides longer in the body than they had suspected, that it can send special chemical signals to protect itself and that it infects different types of cells in completely different ways.

Strongly confirmed were studies, first presented at the AIDS conference last year in Washington, showing that other venereal diseases increase a person's susceptibility to HIV infection.

Vaccine trials, while moving forward on several fronts, will take years to bring success, even under the best circumstances.

Although dozens of promising drugs are now under development or in early testing stages, none have been approved for use during the past year.

As was the case at the end of the Washington meeting, only one drug, AZT, has been proven to prolong the lives of people with the fatal disease. Studies have not yet determined whether the drug also can prevent infected people from getting sick.

"We've already finished all the easy work," said Dr. Robert C. Gallo of the National Cancer Institute, a leading AIDS expert. "The rest will come a little bit at a time."

Dr. Gallo reported at the Stockholm meeting that a newly discovered human herpes virus can infect cells along with HIV, and that they appear to kill some immune system cells in the same way.

While he and others have concluded that HIV by itself produces a degenerative disease that eventually kills whomever it infects, the new virus may facilitate the rapid progression of the disease.

The conference was not entirely devoid of good news. As physicians learn more about the illnesses that are caused by HIV infection, they have become far more sophisticated in learning how to treat them.

Five years ago, patients with the most common AIDS-related illness, pneumocystis pneumonia, routinely died. A series of drugs administered in anticipation of the illness have made pneumocystis much less likely to strike AIDS patients, according to studies presented this week.

Genetic research on mice has helped develop the first small animal model of acquired immune deficiency syndrome. This eventually should enable scientists to test theories more quickly and accurately than they could in a test tube, experts said this week.

Molecular biologists and virologists also have had much success in the past year. William R. Haseltine and his colleagues at the Dana Farber Cancer Institute in Boston, as well as other groups, appear to have discovered a new gene in the AIDS virus that produces a special protein that makes the virus grow more slowly.

That and other discoveries may help researchers design drugs to fight the infection in the body.

With more than five million people infected throughout the world, according to the World Health Organization, public health officials at the meeting seemed to agree that more emphasis has been placed on education and prevention of the spread of the virus in the past year than ever before.

Probably the most striking presentations of the conference were those that depicted the sophistication of new genetic tests at detecting the virus early in the course of infection. Those tests may make it much easier to understand how the virus works inside the body.

"That's the news out of this conference," said Dr. Harold Jaffe, head of AIDS epidemiology at the Centers for Disease Control in Atlanta. "Evidence keeps suggesting this virus is more complex than we thought. Over time, those tests will give us a far better picture of the epidemic than we have now."

This AIDS conference in no way resembled the last one. Whereas the Washington meeting was dominated by politics and demonstrations, this gathering was a vast and meticulously organized meeting.

Although there was no protest, reminders of the suffering the disease has caused were never far out of sight.

Among the many posters displayed daily, with subjects ranging from psychiatric aspects of AIDS to the relationship between aerobic exercise and progression of disease, one stood out.

Picturing women with heart-breaking smiles, the poster was entitled: "How to say goodbye to your children — A support group for mothers."

NEW YORK (AP) — Two former top executives of Beech-Nut Nutritional Corp., the second largest baby-food manufacturer in the United States, were each sentenced Thursday to a year and a day in jail and fined \$100,000 for distributing phony apple juice for babies.

"The fraud was too extensive and involved not to be punished," said U.S. District Judge Thomas Platt, sentencing Neils Hoyvald, 54, the former president of the company. He imposed the same sentence on John Lavery, 56, a former vice president.

The executives, with Beech-Nut and two suppliers, were charged with intentionally shipping adulterated juice to U.S. destinations and overseas between 1978 and 1982. The product, labeled 100 percent apple juice for babies, was actually made from a flavored concentrate that contained little or no apple juice, prosecutors said.

# WORLD BRIEFS

**U.S. Juice Fraud Brings Jail Terms**

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**Party Leader Is Replaced in Estonia**

MOSCOW (AP) — Karl G. Vaino, the Communist Party chief in the Republic of Estonia for almost a decade, was relieved Thursday of his duties and replaced by the Soviet ambassador to Nicaragua, Tass reported.

Mr. Vaino, 65, had been the party leader in Estonia since July 1978 and under his leadership the republic became a testing ground for many of Mikhail S. Gorbachev's economic reform policies. But Mr. Vaino's leadership was subjected to strong criticism at a meeting in April of Estonian writers, filmmakers and other cultural figures, who criticized ecological problems, corruption and the functioning of the Estonian government.

He was replaced by Vaino I. Vyalysa, 57, the ambassador to Nicaragua the news agency reported. Mr. Vyalysa previously had served as one of the secretaries of the Estonian party.

**Seoul Judge Quits After Reform Call**

SEOUL (AP) — Aides to the chief justice of South Korea's Supreme Court said Thursday that he would resign. At the same time, 279 judge called for a judicial system that would protect basic rights and be independent of the executive branch.

The aides said Chief Justice Kim Yong Chul would formally offer his resignation Friday to President Roh Tae Woo. Opposition parties had called for a chief justice to reform the "corrupt" judiciary.

It was the first time in modern Korean history that judges staged collective protest to support reforms. Their action came as the government debated the makeup of the Supreme Court to be formed according to a new constitution written after widespread public protests last year.

**Vatican Asks Prelate to Avoid Schism**

VATICAN CITY (Reuters) — The Vatican made a "pressing appeal" to Archbishop Marcel Lefebvre on Thursday to give up his plan to ordain bishops without papal approval, a move that would cause a schism in the Roman Catholic Church.

The appeal came in documents on the Lefebvre case made public a day after the suspended prelate, 82, announced he would ordain four bishops June 30 for his ultra-traditionalist Priestly Fraternity of Saint Pius X.

A Vatican spokesman asked the archbishop and associates to "rethink their position and remain united" with Pope John Paul II. It added that the break did not occur, the Vatican would guarantee the conservative identity and their full communion with the Roman Catholic Church.

**12 Killed in Beirut Refugee Districts**

BEIRUT (AP) — Mortars and rockets killed 12 people and injured 27 Thursday as rival Palestinian groups fought for control of two refugee districts in Beirut.

The police said the new casualties brought the toll to 31 killed and 13 wounded since the latest clashes over the Chaitia and Baqi al-Brajne refugee districts broke out last week.

The Faah group of Yasser Arafat's mainstream Palestine Liberation Organization accused the Syrian-backed breakaway faction, al-Fatah Uprising, of indiscriminate shelling. A spokesman for Mr. Arafat's group said the dissidents were shelling both refugee districts from the outside.

**For the Record**

President Corason C. Aquino of the Philippines began an official visit Italy and the Vatican on Thursday, the high point of which is expected to be a private audience with Pope John Paul II.

# TRAVEL UPDATE

**4-Hour Strike Set at Paris Airports**

PARIS (AFP) — All Paris airport unions have called a four-hour strike on Friday at the two main Paris airports, Orly and Charles de Gaulle international officials said Thursday.

The strike is scheduled from 9 A.M. to 1 P.M., although some unions wanted a 24-hour walkout. It is aimed at backing wage and other demands.

Spanish civil-aviation workers have canceled a series of one-hour work stoppages that had been scheduled to begin on Monday. The stoppages were called off after the Civil Aviation Authority promised to revise working conditions and pay scales, the aviation workers union, FES said Thursday in Madrid.

**27 Die in Indian Bus Crash**

NEW DELHI — A state-run bus blew a tire, crashed into a wall and caught fire Thursday, killing 27 people in the southern Indian state of Andhra Pradesh, the Press Trust of India said.

The bus was carrying 40 passengers and the driver. It was heading for a village near the crash site.

**Guerrilla Wounds an Israeli Soldier**

HERZOG CHIDES WESTERN JOURNALISTS

Jerusalem, President Herzog said at an international conference on television coverage of Israel that the country had suffered great economic and political damage from what he described as unbalanced and superficial reporting.

"An examination of coverage of events in the past six months in the territories points to a considerable degree of bias and oversimplification in presenting the facts, with the resultant distortion," he said.

"The press was an explicitly involved factor, an inciting, aggravating factor because the activities of the riots need to make waves and win support," he added.

Mr. Herzog was criticized on Tuesday by their Foreign Press Association chairman, Bob Slater, for waging a campaign against journalists covering the uprising.

Mr. Slater said there had been up to 150 incidents of harassment of journalists by the army and their police, including beatings and destruction of equipment.

The Israeli Army, stung by negative publicity, began this week to show soldiers in the occupied territories a training film about how to behave, especially in the presence of television cameras.

Earlier on Thursday, troops of the West Bank fired shots in the area of Arab motorists, delayed a roadblock put up by angry Jewish settlers, began hurling stones, one was injured.

A witness said about 60 Jews from the Efrat settlement south of Jerusalem blocked the road down to protest stone-throw and gasoline bomb attacks on Israeli officials.

Efrat officials said there had been 750 incidents of stonings, gasoline bomb attacks in the area, and settlers were frustrated that the army had not apprehend the assailants.

In a drive against firebomb attacks, a military court sentenced four Palestinians to 8 to 10 year prison for throwing such bombs. Troops demolished a house in Hebron from which a firebomb was hurled, injuring two officers.

West Bank high schools remained shut Thursday, the second day of a two-day military curfew imposed in an attempt to halt turbulence.

**2 Guerrillas Killed**

Israeli forces ambushed guerrillas near the Syrian border in southern Lebanon before dawn Thursday, touching off a five-hour battle that left two guerrillas dead, two Israeli soldiers wounded, U.S. Press International reported from Beirut.

# New York Probing Possible Hoax In Girl's Abduction and Rape Tale

By Ralph Blumenthal  
*New York Times Service*

NEW YORK — Saying that he is investigating a possibility of hoax by the advisers of Tawana Brawley, the black teen-ager who reported being abducted and raped by six white men, the New York state attorney general, Robert Abrams, announced that he has subpoenaed a former associate of the advisers.

The associate, Perry McKinnon, a former aide to the Reverend Al Sharpton, said in a television interview that the advisers themselves doubted the allegations of a racially motivated abduction and rape of the black schoolgirl last November.

"The two lawyers and Sharpton were making it up as they went along," Mr. McKinnon said.

The allegations by Miss Brawley, 16, that she was raped repeatedly by six white men, including one who flashed a badge, has drawn national attention as a symbol of racial conflict and discontent with the criminal justice system, particularly among minorities.

"There was no case, only a media show," Mr. McKinnon said on WCBS-TV. He said that he had been barred from trying to corroborate Miss Brawley's allegations and assertions — for which he said they had no evidence — that while law enforcement officials, whom they accused by name, joined in the assault.

He also said that he had helped count thousands of dollars in contributions solicited for the Brawleys by the advisers, even after they expressed doubts in private about the truthfulness of her account.

Mr. McKinnon was quoted in the Wednesday issue of The Daily News as calling the case "nothing but a pack of lies."

Mr. Sharpton and the lawyers, Alton H. Maddox Jr. and C. Vernon Mason, called Mr. McKinnon "a liar." Their response came during a live television appearance at a Brooklyn church, where Miss Brawley's mother, Glenda, has sought refuge from arrest after ignoring a subpoena to appear before a special state grand jury.

The advisers have refused to cooperate with the investigation, terming it a cover-up and suggesting that the Mafia, the Ku Klux Klan and the Irish Republican Army had conspired with the state to thwart a fair investigation.

Mr. Abrams, the special prosecutor in the stalled case, said that if Mr. McKinnon's allegations were true, Mr. Sharpton and the lawyers "have been consciously perpetrating a hoax, not only on the black community but on all the people of the state of New York."

He called Mr. McKinnon's statements "explosive and astounding" and said the accounts "amount to a damning indictment of the motivation and credibility" of Mr. Sharpton and the lawyers.

Rudolph W. Giuliani, the United States attorney for the Southern District of New York, said that on the basis of the news accounts, he would be interested in interviewing Mr. McKinnon. The federal prosecutor has jurisdiction over fraud involving the mails, through which Mr. McKinnon said some of the contributed money was sent.

In Albany, Governor Mario M. Cuomo, who denounced the Brawleys and their advisers as having "scooped and trifled" with the law, said the latest allegations required "a fresh look at the case — a whole new look at the situation."

"It suggests we should be looking deeper," the governor said.

At a news conference, Mr. Abrams refused to answer questions he termed "hypothetical," including whether the special grand jury investigation would now expand to the actions and statements of the lawyers and Mr. Sharpton.

Mr. McKinnon, 39, a black Vietnam War veteran and private investigator, served as Mr. Sharpton's assistant, driver and press liaison for the first four months of the Brawley case, until April when he dropped out of sight.

Mr. Sharpton said in an interview that Mr. McKinnon had quit in a dispute and that he was not intimately familiar with internal aspects of the Brawley case. But reporters who dealt with Mr. McKinnon found him well informed.

In the television broadcast, Mr. McKinnon said that Miss Brawley's mother knew that her daughter had spent time in the family's former apartment in Wappingers Falls, New York, during the four days when the girl said she was being held and raped.

Mr. Maddox said he warned Mr. McKinnon that "something is wrong with the case, watch it." He said he saw nothing indicating rape.

Asked if he knew what had happened to Miss Brawley, Mr. McKinnon said, "The Tawana Brawley story may be that there is no Tawana Brawley story."

# Japan Lays Terror Plot To Captive

MANILA — Japanese officials said Thursday that a guerrilla suspect captured in the Philippines had been setting up a base for attacks on next week's Toronto summit meeting of the major industrialized nations and on the Seoul Olympic Games.

The deputy chief of the embassy, Morihisa Aoki, said Hiroshi Senui, a suspected Red Army member, had meant to use Manila as an "international terrorist" center, with the Toronto Group of Seven meeting of June 19 to 21 and the Seoul games in September as targets.

"We believe they wanted to set up a base here, with such attacks as the immediate goal," Mr. Aoki said Thursday.

The Toronto meeting brings together leaders of Britain, Canada, France, Italy, Japan, the United States and West Germany.

The diplomat gave no details of the intelligence reports that revealed the planned attacks, but said the arrest of Mr. Senui, 51, on June 7 by Japanese and Filipino intelligence agents had thwarted the plan. Mr. Senui was later deported to Japan.

The Red Army, formed in 1969, is an extreme leftist organization that carried out a number of operations in the 1970s, including an attack on Israel's Lod airport in 1972 in which 27 people were killed and 76 injured.

At the 1986 seven-nation economic summit meeting in Tokyo, Japanese radicals fired five rockets over the site just before President Ronald Reagan was due to arrive.

The Japanese police think that attack was carried out by the Chuzokko (Core Faction), the biggest of more than 20 ultra-leftist Japanese groups.

In 1977 Mr. Senui, a convicted murderer, was freed by Japan in exchange for 156 hostages held by the Japanese Red Army after members of the group hijacked a Japanese airliner in Bangladesh.

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# Dukakis's Image as a Manager Strained by Budget Deficits

By Allan R. Gold  
New York Times Service

**BOSTON** Growing problems in the Massachusetts budget are raising questions about Governor Michael S. Dukakis's campaign as a manager of a state government. The problems are forcing him to consider ways to raise money that will not be viewed as tax increases.

Massachusetts is facing a revenue shortage of at least \$200 million in its proposed \$12 billion budget for the fiscal year starting July 1, the state's once buoyant revenue growth falters. It also confronts a deficit of \$400 million in the year ending June 30. This is being solved through accounting steps.

Other states such as California and New York also have had budget difficulties because of changes

in the federal tax law. But people will be paying closer attention to how Massachusetts deals with its problems because the management skill of Mr. Dukakis, the probable Democratic presidential nominee, will be a campaign issue.

Republicans raise questions as to whether Mr. Dukakis should have anticipated the problems.

Despite the fiscal difficulties, Mr. Dukakis is loath to support tax increases. As a result, he has ruled out broad-based tax rises to help cover the deficit. He has also been hesitant to approve a new 2 percent sales tax on cigarettes, a levy that even the most ferociously anti-tax groups have not opposed.

While discussions about how to cut spending and raise money continue, Dukakis administration spokesmen characterize what is un-

der consideration as "closing loopholes" or "protecting the revenue base."

"Nobody wants to use the 'T' word," said Judith C. Meredith, a human services lobbyist.

Among the ideas being considered to raise revenue are changes in how the state taxes small and big business and higher fees for services like driver's licenses, which could raise \$100 million.

Expansion in many state programs, particularly in human services, is also likely to be slowed or stopped, resulting in a savings of \$150 million.

"We've been on a spending spree during the good years and now that the revenue has started to slow, we find ourselves in an embarrassing and awkward position," said state Senator David H. Locke, the assist-

ant Republican leader who is co-chairman of the George Bush presidential campaign in Massachusetts.

Barbara Anderson, executive director of Citizens for Limited Taxation, said that "incompetent, managerially deprived Mike Dukakis" had benefited from the state's extraordinary revenue growth in the last five years. "He is only a great manager because there was so much money in this state," she asserted.

There is disagreement on this. "We couldn't have anticipated it, and we track revenues for a living," said Richard A. Manley, president of the Massachusetts Taxpayers Foundation. The stock market collapse last October further confused the way taxpayers would behave, Mr. Manley said.

Spending under the governor's proposed budgets will have increased 78 percent between 1983 and 1989, a level more than twice the rate of growth of federal spending, said Peter J. Thomas, president of the Foundation for Economic Research, a conservative institute.

From 1983 to 1986, he said, total authorized debt rose by nearly \$4 billion, even though revenue was rising 10 percent annually.

Although there were apparently early indications that a deficit was imminent, Mr. Dukakis did not publicly acknowledge this until well after he had won several important primaries. Sensing problems last fall, the governor ordered that \$233 million in spending be deferred.

On April 27, his administration disclosed a revenue shortage of \$77

million, in a budget of nearly \$11 billion, for the year ending June 30.

In ensuing weeks, the deficit estimate jumped to \$250 million, then to \$300 million and how at least to \$400 million, in the wake of a court ruling that the state had raised about \$122 million in questionable corporate tax collections — \$92 million for the fiscal year 1988 and \$30 million for fiscal 1989.

The governor's \$12 billion budget for the year beginning July 1 also was found \$198 million in the red, a figure that has since risen to almost \$230 million, if the \$30 million in questionable tax collections for fiscal 1989 are included.

The state constitution requires the governor to submit a balanced budget but there is no requirement that the year end in balance.

A major factor in contributing to the revenue slowdown has been the change in federal tax policy. For example, the 1986 tax bill generated a capital gains tax windfall for the state in 1987 that did not carry over to this year. In the fiscal year 1988, tax revenue from capital gains withered, helping to create the current deficit.

In addition, the state has repealed more than \$500 million in taxes in recent years, including an income tax surcharge that was enacted during Mr. Dukakis's first term in 1975, when Massachusetts had severe budget problems.

While the extent of the budget problems may have surprised the governor, he has not appeared rattled. "He said to me recently, 'Steady as she goes,'" said state Senator Patricia P. McGovern, a Democrat who is chairman of the Ways and Means Committee.

**PIAGET**

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# Black Democrats in Congress Back Jackson for No. 2 Spot

By Bernard Weinraub  
New York Times Service

**WASHINGTON** — Black Democrats in Congress have endorsed Reverend Jesse L. Jackson as their choice to be their party's vice-presidential candidate, but Mr. Jackson has insisted that he has not made up his mind on whether he would seek the post.

At the same time, Mr. Jackson made it plain Wednesday that he expected his role in the party to expand after the presidential election.

After a meeting with civil rights leaders, Mr. Jackson, 46, said he pressed "long-term relations" not only with those now supporting

him, but with other Democratic officials, delegates and legislators.

He said that he was looking toward elections in 1990, as well as "the census in 1990 and reapportionment in 1991."

He added, "We're developing at the grass-roots level a long-term, progressive agenda."

Following the triumph of Governor Michael S. Dukakis of Massachusetts in gaining enough delegates to win the party's presidential nomination at next month's national convention, Mr. Jackson pressed efforts to make his agenda on social policy part of the Democratic platform.

He also sought to strengthen his

leverage as a potential vice-presidential candidate.

Although most political analysts say it is unlikely Mr. Dukakis will select Mr. Jackson as his running mate, black congressmen said Mr. Dukakis would risk the anger of Mr. Jackson's supporters if their candidate was not selected or taken seriously for the No. 2 position.

"If you have a race with 12 horses and two come in, first and second, then that says something about what the American people want," said Representative Charles B. Rangel, Democrat of New York, after a meeting between members of the Congressional Black Caucus and Mr. Jackson.

Another black Democrat, Representative Louis Stokes of Ohio, was asked if Mr. Jackson's presence on the ticket would hurt Mr. Dukakis.

"In the last 20 years with white candidates on the ticket, and no blacks, Democrats have only held office for four years," he responded.

Leslie Dach, Mr. Dukakis's spokesman, said, "No one has been ruled in and nobody has been ruled out, and this selection process is in its early stages."

Mr. Jackson has indicated, at times, that the vice-presidential nomination should be offered to him. But he has declined to say that he would pursue the job.

Responding to questions after the Wednesday meeting, Mr. Jackson said he had no intention of throwing his support to Mr. Dukakis before the convention. Such former Democratic candidates as Representative Richard A. Gephardt of Missouri, Senator Paul Simon of Illinois and Senator Albert Gore Jr. of Tennessee have either endorsed Mr. Dukakis or announced their intention to do so.

"They lost and surrendered," Mr. Jackson said. "I did not. We're not in the same category. They're surrendering their constituencies because they lost. My constituency continues to grow."



**TORNADOES HIT DENVER** — A funnel cloud hovers Wednesday over the near east side of Denver, which was hit by at least three tornadoes. In all, five twisters struck in or near the city, blowing vehicles and storage sheds through the air and tearing off roofs. Seven persons suffered minor injuries. The control tower at Stapleton International Airport was evacuated briefly.

# A U.S. Judge Reagan Forms a Panel Stalls Prison To Meet Drought Crisis Drug Tests

By Bill McAllister  
Washington Post Service

**WASHINGTON** — The drought gripping the nation's farm belt has become so severe it is certain to boost food prices and has triggered the formation of an inter-agency committee to come up with emergency plans for coping with the crisis, the White House announced Thursday.

President Ronald Reagan ordered representatives of eight agencies to review drought conditions across the country and advise him in two weeks on what the government should do to ease the plight of farmers, the chief White House spokesman, Martin Fitzwater, said.

Although Mr. Fitzwater noted that some officials have said the drought may be the worst since the 1930s, administrative officials sought to minimize the impact that higher prices for farm commodities would have on the economy.

Most said that the higher prices consumers were beginning to pay did not signal a serious inflationary problem. "We think it's under control and we think it's going to stay that way," Treasury Secretary James A. Baker 3d said.

Mr. Baker's position was echoed by Wayne D. Angell, a Federal Reserve Board governor, in a speech to the Independent Bankers Association. Mr. Angell said that any rise in crop prices could spur increased production and lead eventually to slower price growth.

Meanwhile, Beryl W. Sprinkle, the chairman of the president's Council of Economic Advisers, predicted that inflation would be about 4 percent this year, down from 4.4 percent last year. However, he acknowledged that the drought was troublesome.

"I do not think it will ruin our strategy of keeping inflation subdued, but it's certainly painful for farmers," Mr. Sprinkle said in an interview with the NBC television network.

Administration officials have said that farmers should pray for rain, and Mr. Fitzwater, who grew up on a Kansas farm, said Thursday that the advice was not factitious.

**WASHINGTON** — A federal judge on Thursday prohibited the Reagan administration from beginning random drug testing of all 13,000 federal prison employees, saying no justification had been shown for testing "innocent, law-abiding and wholly competent" workers.

Referring to impact on the Bureau of Prisons, the senior U.S. district court judge, Stanley Weigel, said: "The program would force law-abiding employees of the bureau, on two hours' telephone notice, to submit to urinalysis testing even though not suspected of any drug use nor of any wrongdoing, negligence or dereliction of duty."

"There are cases in which compulsory drug testing may be justified in the interest of public safety or security or the like," Judge Weigel said. "This is not one. Rights guaranteed by the Constitution of the United States must not bend to public clamor."

The Bureau of Prisons was to have been one of the first federal agencies to implement drug testing under a September 1986 executive order.

"I grew up on a farm and I can tell you that praying for rain is not a funny matter," he said.

"My family has prayed for rain often," Mr. Fitzwater added. "There is no more hopeless or helpless feeling than seeing your crops dry up."

Among those directed to advise the president on the effectiveness of current policies were Agriculture Secretary Richard E. Lyng, Interior Secretary Donald P. Hodel, the Army Corps of Engineers, the Energy Department, the Tennessee Valley Authority, the Federal Emergency Management Agency, the Office of the Vice President and the Office of Management and Budget.

Mr. Fitzwater said the matter was likely to be raised during the meeting of the seven leading industrial democracies that convenes Sunday in Toronto. At the meeting, the administration will also urge a removal of all crop support programs in an effort to reach a worldwide agricultural market that is free of governmental supports.

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# U.S. Plans to Sell Kuwait 40 F-18s And Hundreds of Air-to-Air Missiles

By David B. Ottaway  
Washington Post Service

**WASHINGTON** — The Reagan administration has informed Congress that it wants to sell Kuwait \$1.9 billion worth of arms, including 40 F-18 fighter-bombers and hundreds of sophisticated missiles or use on the planes.

The proposed deal also includes 80 laser-guided bombs, 200 cluster bombs, 200 Sparrow radar-guided missiles for use against aircraft, 120 heat-seeking Sidewinder air-to-air missiles and 300 infrared-guided Maverick air-to-ground missiles. The administration has tried to sell Mavericks to Saudi Arabia but was blocked by opposition in Congress.

In addition, the package includes training, spare parts for FA-18s and maintenance equipment. The present portion of the package is estimated at \$680 million.

If the entire package is approved, it is likely to become the adminis-

tration's largest arms sale to an Arab country this year. The sale underlines the important new security relationship developing between the United States and Kuwait as a result of the U.S. military aid to Kuwait.

The United States has sold Kuwait A4 fighter-bombers, as well as Hawk anti-aircraft missiles and an improved version of the Hawk.

The sale would constitute a significant qualitative change in the kind of arms provided to Kuwait.

After a 20-day period that began on Friday, the administration must submit a formal notification to Congress, after which it has 30 days to adopt a resolution of disapproval, which would kill the sale provided a veto could be overridden.

Kuwait is not considered a threat to Israel, and its repeated refusal to give in to terrorist demands to free 17 Lebanese and Iraqis involved in the 1983 attacks on the U.S. and French embassies has won praise.

Defending the sale, Mr. Shultz said that Kuwait was vulnerable to attack by Iran. "This is a positive development," Shultz said. "It represents a step by Kuwait to undertake measures for its own defense."

# Ferraro Son Sentenced For Selling Cocaine

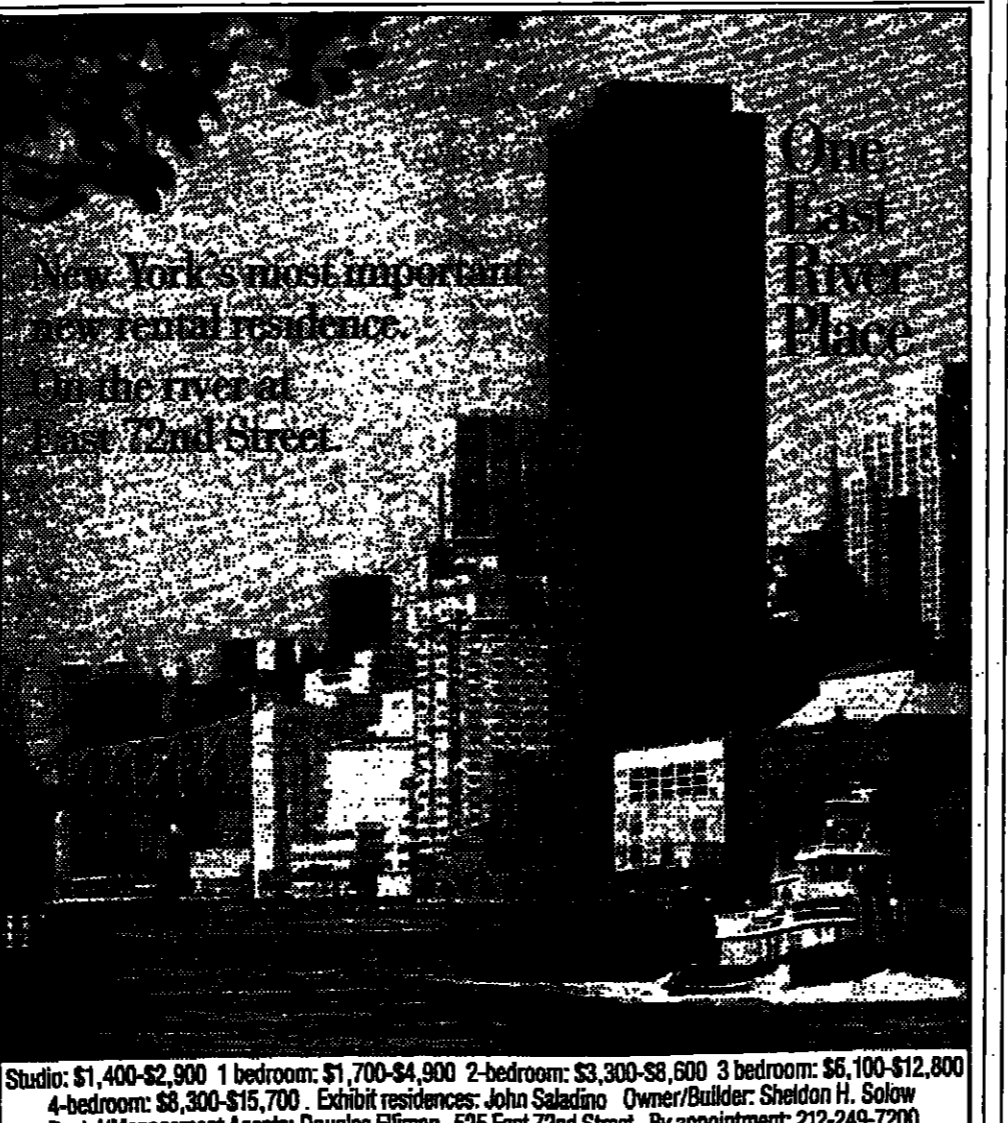
**RUTLAND, Vermont** — John Zaccaro Jr., 24, the son of the 1984 Democratic vice-presidential candidate, Geraldine Ferraro, was sentenced Thursday to one to four years in jail for selling \$25 worth of cocaine, with all but four months suspended.

U.S. District Judge Francis McCaffrey also fined Mr. Zaccaro \$1,500 and ordered him to perform 300 hours of community service. The judge stayed the sentence and gave the defense 30 days to file an appeal. Mr. Zaccaro faced up to five years in prison and a \$10,000 fine.

Administration officials have said that farmers should pray for rain, and Mr. Fitzwater, who grew up on a Kansas farm, said Thursday that the advice was not factitious.

**Basque Radicals Burn Buses**

**BILBAO** — Basque radicals set fire to buses after Wednesday night to protest the death in prison of a convicted separatist guerrilla, local government officials said. Buses were burned in Bilbao, Portugalete and San Sebastián. Protesters clashed with police in Bilbao.



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# Herald INTERNATIONAL Tribune

Published With The New York Times and The Washington Post

## Real Changes in NATO

Whither NATO? The very question sounds like a parody of portentous concern over the defense of Western Europe. Yet suddenly parody becomes profundity because of two changes affecting the alliance.

The first is Mikhail Gorbachev's new thinking, as manifested by the INF Treaty. The second is a question that bubbles through the U.S. presidential campaign. Burden-sharing, it is called for short, and it boils down to a crude question: Why won't the allies pay more for their own defense?

Worse than crude, the question is misleading. The changes are real, and real questions surely need to be asked, not merely as pretexts for saving a buck. Beyond simple lies five tough, interesting questions.

• Is NATO's plan to strengthen itself practical? The starting place for this debate is to reject the notion that the INF Treaty requires a compensatory building in conventional and strategic weapons. This treaty will add a Soviet advantage, not weaken the West. Apart from that, there is a U.S. and British push to modernize, which will run into budget distress. The Pentagon is already trying to figure out how to spend \$227 billion less than planned in the next five years. It is fair to wonder whether the public, in a time of apparently relaxed tensions, will pay for new and modernized weapons, and to wonder whether such weapons are necessary.

• Is it time for a NATO strategy review? Disarray is the alliance's natural state. Now and then it gets worse, as in 1967. Then, NATO asked Pierre Harmel of Belgium to take an objective look at the alliance, its mission and how to achieve it. A new analog study could move NATO beyond the paralysis of competing national agendas to a position from which to take the initiative.

• What are the right priorities for arms control? Setting an order for talks on strategic nuclear weapons, conventional forces, chemical weapons, tactical nuclear weapons and space defenses would help NATO see its

defense needs whole. Agenda-setting could ally particular concerns too, like West German unhappiness that NATO hesitates to negotiate on battlefield nuclear weapons, most of which would explode on German soil.

• How should conventional weapons be reduced? Here is where the real savings could be made. Yet ambivalence over Mr. Gorbachev has kept NATO from agreeing on what to put on the table at conventional weapons talks later this year. Some bean-counters say the Russians are so superior that talks cannot possibly produce a balance. The U.S. Joint Chiefs, however, reported last year that NATO's conventional strength was sufficient to make Soviet attack highly unlikely. Why not test the Soviet pledge to make asymmetrical cuts where necessary? Not that conventional force cuts will be easy. The old talks dragged on, stalling, for 14 years. The new ones will include more nations, cover more territory and take on weapons as well as soldiers. Still, these talks are in everyone's interest.

• What about U.S. troop withdrawal? Some people worry that eliminating Euro-missiles threatens to uncouple U.S. and European security interests. But the 300,000 U.S. troops in Europe are the real link. U.S. leaders hesitate even to think withdrawal. But Europeans enter the word: some assume that the U.S. deficit makes some withdrawals inevitable. That cannot save much money; troops eat even if based in the United States. Hence this debate may be less dramatic than expected. But let it begin.

To take on such questions, the alliance needs a leader and a bit of courage. The logical leader, still, is the United States, and the current presidential campaign could prepare the way by pushing the debate past the slogan of burden-sharing and on to these broader questions. As for the courage, the strongest alliance in modern history need not fear the future. NATO can afford to open itself up to change.

—THE NEW YORK TIMES.

## Exchange Rates Work

Exchange rates work, it turns out, and at last the U.S. trade deficit is beginning to show it. For many months, through last summer and fall, a horrible doubt spread that the United States might be under a magical spell exempting it from the normal and familiar effects of a falling exchange rate. The dollar, after all, had been dropping for nearly three years but the trade deficit seemed impervious. Improvement last winter was meager and halting. But finally the deficit turned downward unambiguously, as the April figures confirm.

These statistics have been greatly improved in terms of accuracy over the past year or so. Until the trade deficit began to soar, Americans did not pay much attention to these data, and the government put a low priority on the process of collecting them. The monthly figures represented not the trade that actually passed through U.S. ports in the month, but the customs reports that the clerks had got around to tabulating. Huge backlogs of untabulated reports were passed along from month to month, producing wild statistical swings with no basis in the realities of trade flows.

The Customs Service and the Census Bureau got the backlogs under control more than a year ago, and now they have taken

the next necessary step: seasonal adjustments. There are strong seasonal cycles in foreign trade, and the adjustments are essential to showing the emerging patterns reliably. In a time in which these trade figures have repeatedly set off speculative runs on the dollar and sharp drops in the stock market, it was wondrous to keep producing flaky numbers as long as the government did, and it is a matter of great satisfaction that they have finally been brought up to a more respectable standard.

This latest report comes at a fortunate moment for President Reagan, who will be off to Toronto soon for the annual meeting of the seven big industrial democracies. He will be able to say, quite correctly, that although U.S. policy is not likely to change over the next seven months, the delayed effects of the present exchange rates are going to keep producing improvements, automatically, in that ominously large trade deficit. The U.S. economy seems to have begun an important transition. For seven years the United States was consuming more than it produced, on an increasingly dangerous scale. The dip in the trade deficit means the country is beginning to raise its production faster than its consumption.

—THE WASHINGTON POST.

## Other Comment

### Beijing Has Not Forgotten

The world has become so accustomed to dealing with a China that is more occupied with economic development than foreign adventures that it often forgets Beijing has never given up the idea of bringing Taiwan back into its fold, by force if necessary.

Occasionally one senses how uncertain peace across the Taiwan Straits can be when Chinese leaders or media reiterate their country's policy of not ruling out the use of force to regain Taiwan. The official China Daily sounded this reminder Tuesday, no doubt for those in Taiwan whom Beijing suspects of trying to push for independence or delay reunification indefinitely.

The reminder masks the anxiety of China's leaders concerning developments in Taiwan. Economically, the island is thriving. It has so huge a surplus that it even thinks of enough ways to spend it. If China continues to grow at its present rate, it will be decades before it catches up with Taiwan. As long as the economic gap remains, reunification will be unattractive to Taiwan.

But it is Taiwan's politics, more than its economics, that worry China. There are voices in Taiwan calling for independence. So far the Kuomintang government has kept a tight lid on the issue; on this one issue, Taipei and Beijing are agreed.

Not only is Taiwan changing, the Kuomintang is beginning to look different. The new president, Lee Teng-hui, was born not in China but Taiwan. Next month he is to convene a party congress in which more mainlanders are expected to be replaced by younger members who are natives of the island. These are the people for whom the China Daily warning was probably intended.

Those responsible for the sad state of affairs between China and Taiwan should leave reunification to future generations. Since they cannot do anything to achieve it in their lifetime, the least they can do is stop keeping the climate of suspicion alive.

—The Straits Times (Singapore).

### A Gravy Train Stops in Zaire

President Mobutu Sese Seko of Zaire has had more than a quarter of a century to improve living conditions in his country, but he has spent much of that time trying to outdo Ferdinand Marcos of the Philippines and Jean-Claude Duvalier of Haiti in amassing personal wealth. To put his fortune at \$5 billion, as some outsiders do, may be an exaggeration, but his brand of corruption and mismanagement is shameful in a nation where the per capita income is only 10 percent more than in 1960.

During those 23 years, the United States has poured about \$1 billion into Zaire, and Mr. Mobutu is determined to continue receiving his yearly handout of \$63 million, including \$5 million in military aid. Congress has a clear responsibility to stop this unscrupulous gravy train. Before it hands over another dime, it ought to insist that future aid be made conditional on better management of these funds and improvement in Zaire's human rights record.

—St. Louis (Missouri) Post-Dispatch.

### Providing Security in Seoul

Cries of "Yankies go home!" might be expected in some countries, but not South Korea. Demonstrations by thousands of radical students underscore the fact that they were not alive at the time U.S. forces went to the aid of the South Korean invasion to push back the North Korean military of 1950. The students clearly have not absorbed much of their country's history.

Leading a sense of urgency to matters is the threat of terrorism at the Seoul Olympics. With radical students showing a willingness to resort to violence in efforts to topple the Seoul government, it is crucial that the South Koreans, backed by U.S. troops and security forces from nations participating in the Games, take every precaution to prevent any terrorist acts.

—The Sacramento (California) Union.

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International Herald Tribune, 181 Avenue Charles-de-Gaulle, 92200 Neuilly-sur-Seine, France. Tel. (1) 46.57.93.00. Telex: Advertising, 612395; Circulation, 612832; Editorial, 612718; Production, 630698.

Directeur de la publication: Walter N. Thayer.

Editor for Asia: Michael Richardson, 5 Conventry Rd., Singapore 0511. Tel. 472-7768. Telex: RS59228  
Managing Dir. Asia: Malcolm Glenn, 50 Gloucester Road, Hong Kong. Tel. 5-8610616. Telex: 61170  
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## East Germany: Feeling Ill But Fearing the Medicine

By William Pfaff

BERLIN — The leaders of East Germany genuinely do not know what to do. Reform in the Soviet Union puts them under intense, potentially unmanageable pressures. They fear reform for the sake of preserving their own power. Yet the Soviet Union is undermining them, promoting change and a devastating re-examination of the Communist past. Popular pressure mounts for changes in East Germany like those proposed in Moscow. Tension is high. The most publicized form this has taken is a wave of applications to emigrate — an "exodus" of them, a leading East German churchman has called it, reminiscent of the wave of departures that anticipated the Berlin Wall, 27 years ago this August.

The government is trying to control the situation with arrests and prison sentences, though technically, the emigration requests are legal. Accusations of "treason" are made. The West German government, which in the past has ransomed political prisoners from the East (up to \$2,000 per person last fall, some \$25,000 to \$30,000 each), refuses to go on with this, seeing the new imprisonments as provocations.

There is more and more unrest among people who are not particularly political but who are not particularly neglected social issues and the moral malaise created by the lies and futility of the system. These often are church people, and also those who resemble the pacifists and the Greens of the West. They, like the candidates for emigration, make use of the asylum — the "free space" — that the churches still can provide.

These people are not particularly pro-Western and rarely pro-American. The United States is widely seen in East Germany as a predatory, soulless society. The Federal Republic is thought

materialistic and compromised. All, though, manifest that mood of rankling resentment which permeates East German society. It is a resentment repressed in the past because East Germans had no serious expectation of change, and even now the dissidents say they expect little. One peace activist said to me that if Mikhail Gorbachev's reforms do succeed in Moscow and come to East Germany, it will be "only in three generations." Another man, a physician, remarked, "It is the society which makes people sick. What can I prescribe to such patients?"

The reason society makes them sick is the ghastly absurdity of it all. The maddening apparatus of state repression sustains absurdity. There is no sensible reason for this oppression, the hypocrisy and lies, the moral repression, the pervasive shabbiness and deprivation, the meanness of life. The East Germans, like the Russians before them, are victims of a colossal historical mistake.

The idea of "scientific," totally rational, social and economic planning seemed to make sense in the 19th century. The idea that a politically conscious elite should inspire workers to throw off their chains seemed a liberating notion a century ago. But now everyone knows that the planned, command economy of the Communist bloc has failed, that the Communist Party's leadership proved sordid and murderous under Stalin and obscurantist and reactionary since.

One East German, allowed to visit a relative in Switzerland, said on his return, "What have we done to deserve this? We work so hard..." They work so hard for so little.

The East Germans do not long for capitalism or anarchical freedoms. A Western scholar's informal poll of

## OPINION



Drawing by VALERIA

"What have we done to deserve this?"

East German contacts and acquaintances over several years has consistently given the same result: East Germans would vote, if they could vote, for a social democratic platform, like that of the SDP in West Germany or the Social Democrats in Scandinavia. Some 10 to 15 percent even say they would vote for the Communist Party, if it were a reformed Communist Party. All the people want is to stop living absurd and wasted lives.

If the chains of irreligion and discredited ideology were lifted, East Germany could transform itself. The East Germans could live like the Swiss if they wanted — and were given the chance to do so.

There is no inherent reason why East Germany should not be as prosper-

ous as Western Europe. The East Germans are an educated, intelligent, technically adept society. They belong in the modern world.

A reactionary ideology and its agents hold them back. But in Moscow that ideological legacy is now being critically re-examined, with revolutionary implications for East Germans and for the rest of the Eastern bloc. They — and we in the West — are at the beginning of something extremely important, and quite possibly extremely dangerous.

Everyone in East Germany, from Erich Honecker, its dictator, to the sweep in the streets, recognizes that — and everyone is waiting.

International Herald Tribune.  
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## During This Pause on START, Time for Rethinking

By Ivo H. Daalder

LONDON — It appears increasingly unlikely that a U.S.-Soviet agreement to reduce strategic offensive forces will be signed before President Reagan leaves office. The Reagan administration can use this time to put the emerging START agreement on a more sound strategic footing.

Three key issues need rethinking. The first is the Strategic Defense Initiative. As a new report by the congressional Office of Technology Assessment indicates, the president's dream of a missile defense capable of rendering nuclear weapons "impotent and obsolete" was just that. SDI research has clearly shifted toward the goal of deploying a more limited defense system. Such a defense, it is argued, would increase Soviet uncertainty about being able to destroy U.S. strategic forces in a first strike. A limited defense would enhance deterrence by ensuring that even after a Soviet attack, sufficient U.S. forces remained for retaliation.

Stated this way, SDI's objective is identical to the strategic goal pursued by the United States since the 1950s: to ensure that U.S. forces could retaliate, including with land-based intercontinental ballistic missiles, after an all-out Soviet attack. The question America now faces is whether the deployment of strategic defenses can ensure the survival of retaliatory forces at less cost than any other strategic innovation. The emerging consensus is that there may be alternatives that are cheaper in the near term. If so, then SDI research should be confined to investigating technologies that might provide future alternatives to the vulnerable ICBM. Such research should be performed within the development and testing limits of the ABM Treaty, as traditionally interpreted.

If the goal of U.S. strategic policy is to ensure that land-based missiles can survive a Soviet surprise attack, then a near-term option would be

to deploy such missiles on mobile launchers. The development and procurement costs of deploying, say, 500 mobile Midgetman missiles would be about \$35 billion, just one-fifth the estimated cost of a limited defense system.

But even \$35 billion is a large sum at a time of a declining U.S. defense budget. So it is here that the second reason for re-examining START comes in. Under the presently agreed treaty outline, both sides would limit the number of warheads to 6,000 and the number of delivery vehicles to 1,600; both would thus be forced to deploy many warheads on just a few launchers. But such MIRVed, or multiple-warhead, missiles are inviting targets, as few as two Soviet warheads could destroy one silo-based ICBM carrying up to 10 warheads.

A simple solution would be to "de-MIRV": to deploy just one warhead per missile. Unfortunately, this option is precluded by the 1,600 launcher limit in START. So to stay within the presently agreed limits, and to keep a sufficient number of strategic missiles at sea, the United States would deploy some 1,500 warheads on just 350 land-based missiles. Assuming that the Soviet Union needed two warheads to destroy each missile, it could destroy all 1,500 U.S. warheads by using just 700 of its own. If, however, the United States were allowed to deploy more than 1,600 launchers, it could deploy the 1,500 ICBM warheads on 1,500 missiles in silos. Not only would this cost one-third less than deploying 500 Midgetman on mobile launchers, but it would take 3,000 warheads, or half the Soviet total, to destroy all 1,500 U.S. missiles.

The Reagan administration, in its rush to dis-

arm, has focused on the technicalities of a START agreement without placing the question in its strategic and financial context. Nowhere is this more apparent than with the third issue needing study: sea-launched cruise missiles, or SLCMs.

Washington and Moscow have agreed to limit nuclear-armed long-range SLCMs, but they are divided on how to verify agreed limits and on whether to constrain conventional cruise missiles as well. America has been loath to curtail its program to produce 3,500 SLCMs (of which 750 would carry nuclear warheads). But little thought seems to have been given to the effects of the Soviet Union acquiring such missiles. The United States would have to rely on a trans-Atlantic "bridge" to reinforce Europe in case of war. Such reinforcements are likely to be far more vulnerable to Soviet SLCMs than they were to U-boats.

Would it not be better to consider banning nuclear-armed SLCMs, as Paul Nitze, the senior arms control adviser to the secretary of state, has suggested? Instead, the administration seems bent on repeating the mistakes of the early 1970s, when Washington refused to consider a ban on deploying MIRVs because it had a big lead in that category over the Soviet Union. Moscow's race to acquire MIRVs created the ICBM vulnerability that still besets the United States.

With a pause in the negotiations, the administration might now take time to consider how to apply such lessons to the START talks. It desperately needs to reconcile its arms control positions with the larger purposes of U.S. nuclear strategy.

The writer is a research associate at the International Institute for Strategic Studies in London. He contributed this comment, which expresses his personal views only, to the International Herald Tribune.

## Philippines: Father America Won't Just Fade Away

By Stanley Karnow

POTOMAC, Maryland — "We must stay the father image," Raul Manglapus, the Philippine foreign secretary, remarked the other day. The time has come, he explained, for Filipinos to shake off the influence of the United States and assert their own national identity.

He has a point. Former Western possessions all retain remnants of their colonial past, but I doubt that the old imperial legacy is more alive anywhere than in the Philippines, where America's presence seems to be almost as dynamic now as it was during the days when the United States controlled the islands. To exercise it, as Mr. Manglapus and other nationalists propose, would require a monumental cultural revolution.

An American visiting Manila can feel as if he had never left home. The Greek-colonnaded public buildings were modeled on those of Washington by Daniel Burnham, a famous American city planner of the turn of the century, who also conceived the mountain resort of Baguio to imitate an Adirondack vacation spot. The Manila Hotel, designed in 1912 by one of his American protégés, is the site of Rotary luncheons, Shriner conventions and June weddings.

Affluent residential neighborhoods resemble Beverly Hills, and the suburbs are a blight of used-car lots and fast-food franchises, like the outskirts of Los Angeles. Taft Avenue honors the first American civilian governor, and Jones Bridge commemorates an obscure Virginia congressman who in 1916 drafted the enlightened legislation that led to independence for the Philippines.

In a land lush with tropical fruit, snobbish matrons serve their guests canned American fruit cocktail. Kraft cheese and Hellmann's mayonnaise are manufactured under license, but Filipinos drive hours to Angeles, a town adjacent to Clark Field, to buy the same American-made items purloined from the PX. Doreen Fernandez, a cultural anthropologist, explains, "The prestige is the label, 'made in the U.S.A.'"

Men with names like cigar labels — Benedicto, Bernardo and Benito — are known as Benny, Bernie and Butch, and women call themselves Penny, Popsy and Peachy. The deposed president, Ferdinand Marcos, is Andy in his cronies.

With 500 young schoolteachers aboard. Precursors of the Peace Corps volunteers, they fanned out across the archipelago, becoming known as "Thomasites." Their vocation, though secular, was evangelized — to Americanize the Filipinos and cement their loyalty to the United States. "We are social assets and emissaries of good will," wrote Philinda Rand, a Radcliffe graduate, to her parents in Massachusetts.

The dream of every young Filipino is a college degree, and diploma mills grind out more lawyers than the society can absorb. But Ivy League credentials are supreme. In 1980, after Mr. Marcos released him from prison

to have a heart operation in Texas, Benigno Aquino pondered ways to remain in the United States without violating his pledge to return home. "Marcos can't resist if I go to Harvard," Mr. Aquino said — correctly.

Nor is American influence confined to the urban upper classes. Led by mullah drum majorettes in miniskirts, bands at barrio fiestas invariably play Sousa marches with gusto. Nothing illustrates America's impact as vividly as the widespread use of American English. Candidates campaign in English, using the rhetoric of vintage American politicians.

The government has been trying for years to promote Tagalog, re-named "Filipino," as the national language. But Tagalog is spoken by only about 30 percent of the population, mainly in central Luzon, and in any case it is "English" (The word for "toothpaste" is "colgate.")

Though Spain ruled for more than three centuries, its only durable heritage has been Christianity, implanted far and wide by friars whose principal aim was to save souls. The United States, by contrast, hoped to turn the Filipinos into facsimile Americans. The conquest, which began in 1898, was as ugly as any imperialist episode. But America soon started to atone for its brutality. On an August day in 1901, a converted cattle ship, the Thomas, steamed into Manila Bay

once held down the city desk of The New Haven Register in Connecticut, wants to stage a wholesale purge of American names, like Taft and Jones, from Manila streets and bridges. Some people insist that Tagalog replace English in courts and government offices. It is bound to be a tough struggle. An activist named Cookie Diokno, whose English is as fluent as mine, has vowed to speak only Tagalog to her friends and family. But one morning I heard her scolding her small son — in English. As she conceded somewhat sheepishly, she was doing what came naturally.

I spent an amusing afternoon at a rehearsal of an amateur jazz band composed of businessmen, lawyers and officials. Called the Executive Combo, they play occasionally at night clubs and parties. Their hero is Duke Ellington, their theme song is "Take the 'A' Train," and their leader, a demon on piano and drums, is Raul Manglapus, the foreign secretary.

The writer is working on a book and public-television series on America's influence in the Philippines. He contributed this to The New York Times.

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## 100, 75 AND 50 YEARS AGO

### 1888: Europe Mourns

LONDON — The Spectator says: "We retain the conviction... that the death of the Emperor Frederick will release dangerous ambitions in Russia, and intensify still more dangerous fears in France; that the great partition wall between hostile armies will sink into its open grave; and that Europe can now hardly be spared the calamity — for it will be a tremendous calamity, even if it ends in an enduring peace — which has been so long impending. With Slav and German and Frenchman armed to the teeth, burning with jealousy and fear, the chance of peace must be a poor one. Germany mourned by the sickbed of an Emperor who might have inaugurated a better regime; but Europe mourned with her for the decay of the most effectual barrier to war."

### 1913: U.S. Currency Bill

NEW YORK — President Woodrow Wilson announced today [June 16]

## In Britain, The Advent Of Incivility

By Bernard D. Nossige

LONDON — Britons are not nosily neat. Each day, I pick cigarette packets, styrofoam bits at computer printouts — the artifacts of our times — from my front door.

The other day, I had to sweep sheets of paper smeared with wax. Evidently, some qualitative change had taken place. This was not a total disregard of others, almost an act of diffused hostility.

It reminded me that other aspects of life here are more brutish now than years ago, when I wrote of British revival. Then, the New York subway and the London Underground exhaled sultried markedly different styles of life. In New York, the crowd waiting on a platform surges forward as a stop, pressing those trying to leave, mindless rush for seats launches a war of each against all. In London in the past, there was no pushing in the Underground, no tension, no war.

But this token of civilization is unvarnished. Some Londoners, particularly the older, still wait and stand in quiet seats to women or the aged. I most push in against outgoing passengers as heedlessly as New Yorkers.

London has fewer traffic lights than New York. It relies on "zebra" black and white striped pedestrian crossings where cars are required to stop. Ten years ago they did not machines more pedestrian to crossing, usually win and leave small psychic scar behind.

Ten years ago, I wrote of British preference for leisure over goods; the civil society this had created, by its own seemed to prefer a more amiable life to maximizing consumer goods. But there has been large change here. The hustle of yuppies in the City, London is Wall Street, only less regulated; the roaring speculative boom; Southeast house prices, fueled by tax cuts for the rich, matches the around New York, Boston and Washington; VCRs, autos, vacations on the Continent are critical ingredients of middle- and working-class life.

Britons have noted the change. recent Harris poll found a majority who thought the country had become richer and freer of government constraint in the last 10 years. It is thought the place had become more selfish, and more than two out of three thought it was more unhappy. A television documentary, titled "Richer, Rougher and Tougher," asked whether the country had become "a mess and greedier society."

To be sure, London and all its cities caricature their societies. In its unburied shops of Oxford Street, in its Cotswolds' tawny yellow stone, cottagers are still greeted with a fixed warmth. At a fund-raising tea for Dochester Abbey, contributors are urged to take their time working through almost suffocating quantity of cash and notes. A building contract stretches his lunch hour to read Yes.

But the change in London, like Manchester or Birmingham, makes it impossible to write a longer of civility as a distinguish British characteristic.

It is tempting to attribute change to Prime Minister Margaret Thatcher, a tough lady who believes in self-help rather than communalism in individual against collective enterprise, in private production rather than in social products.

Like Louis-Napoleon, she urged her countrymen, "Get rich." The best placed have responded, with her help. She has curbed wealth, reordered us to favor top brackets and paraded out national monopolies like the telephone to private investors. She has kept unemployment high to beat unions and restrain wages.

Now, Mrs. Thatcher is aware that her countrymen have become weary. She has taken the extraordinary step of proclaiming that her program is one with the Sermon on the Mount, that her individualism is endorsed by Christ the consumer. Before a church assembly in Scotland (where her parlous do badly), she quoted Saint Paul, "A man will not work, he shall not eat." She argued that abundance, the rich were not and Creation proves it.

This is the stuff of parody, and Mrs. Thatcher, like President Reagan, now runs the risk of becoming ridiculed rather than respected. But if Britain's most astute politician feels compelled to seek theological sanction for her predatory world she has urged a change, important has happened. Some recognize that citizens may regret the loss of civility, the increasing nastiness of London life.

The writer is author of "Britain: A Future That Works." He contributed this view to The New York Times.

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OPINION

15 Ways to Make 'Glasnost' More Reality Than Illusion

By William Safire

LONDON — The British press is knocked out by the "New Russian Revolution," end of the Cold War, winds of change... oh, what a lovely peace. Few observers consider the roots of glasnost. Economic realists in the Soviet Union, led by Yuri Andropov at the KGB in the early 1980s, recognized communism's failure. They put a new machine in place to overhaul the Soviet machine without losing control of the levers of political power. Central to the Andropov plan was the mobilization of both intelligentsia and "masses" against the 18 million party members who had been living off the fat of the land. Enter glasnost, the "free press" to criticize only those past and present targeted by the new elite, which seduced so many Western leaders into wanting to press financing and technology on the overhaulers. I don't want to be the slunk at the garden party. Here are 15 suggestions to Mikhail Gorbachev for changes that would begin to silence the surly squares who used to be the ruling circles. 1. Shut down the East Bloc support agencies for terrorism: Bulgaria, East Germany, Hungary and Yugoslavia have set training camps and offer safe havens to Red Guard and PLO terrorists; a word from you could end that. 2. Reconfigure your military forces from offensive to defensive. Soviet generals conduct only offensive war games; NATO has only defensive games. (The right-to-ward-Iran maneuver, drawing NATO troops southward, was especially disturbing to Western war-gamers.) Soviet forces are equipped with long, flexible pipe to refuel vehicles while they are getting forward; take that kind of equipment out of your force structure. 3. Publish a telephone directory. Stop treating the phone book as a military secret, and drop the barriers that make it impossible for your people to dial the outside world. In that connection: 4. Permit internal computer networking. Stop waiting for Western computer help; allow your institutes and academies to hook into one another. Use the analogy of Lenin and electrification, if your less daring comrades object to the loss of central control of information. 5. Stop jamming Radio Free Europe. On the eve of the recent summit conference, you revoked the visas of two crack RFE Sovietologists, displaying your fear of unsemphoric coverage. Let these broadcasters and their signals into the Soviet Union; if you must jam, jam the innocuous Voice of America. 6. Tear down the Berlin Wall and order guards to stop killing people who try to cross the Iron Curtain. As long as you treat your people as prisoners, no fundamental change in the perception of the Soviet Union as the home of the gulag is possible. And, in that connection: 7. Stop encouraging anti-Semitism in the guise of free speech or religious liberty. Organizations such as Pamyat and pet church leaders have found it easy to spread anti-Jewish hatred under glasnost. Your record on emigration is not nearly as good as Leonid Brezhnev's was; drop your new requirement of a family connection abroad and let the refuseniks go. 8. Cancel your agreement to rent Fidel Castro's army to prop up a regime in Angola; you have increased those 40,000 mercenaries by 15 percent in recent months. And, while you're in Africa: 9. Order your 2,000 advisers in Ethiopia to persuade Colonel Mengistu Haile Mariam to stop practicing genocide-by-starvation on his own people. 10. Permit Natan Sharansky's book, "Fear No Evil," to be published in the Soviet Union, which would be more relevant than the publication of Pasternak. Then, publish accurate figures on your military budget, troop strength and the reality of your current deficit. 11. Stop using the United Nations as a staging area for KGB spying in the United States, and quit using your Mount Alto location in Washington as a huge, intrusive listening station. 12. Permit an opposition party. Without one, all talk of secret ballots and competing candidates is meaningless. 13. While you are rewriting history, tell the truth about Felix Dzerzhinsky, the first secret police chief, whose reputation you KGB supporters insist you protect. 14. Pledge to refrain from rolling in your tanks if coming uprisings get out of hand in Romania and Poland. 15. Follow up the syndication of Gary Hart's column in Moscow News with publication of such pundits as William F. Buckley, Jesse Kirkpatrick and Pat Buchanan. For openness, run this column. The New York Times.

The Need to Coexist

WHAT constitutes a normal relationship with the Soviet Union? Inmate conflict? Or has the realization that KGB agents are not the only ones who are dynamic? The coexistence of states that are different and have important conflicts but want to end the end conduct relations in ways that do not endanger the planet. The view that the Soviets are ideologically driven and seek world domination has supported 40 years of sterile conflict. Finally, as the costs of a continued Cold War became unacceptable, there has been a "mellowing" on both sides. In eerie resonance with Mikhail Gorbachev, President Reagan remarked, as he left for his fourth summit: "We have many differences — deep differences, moral differences. But we are still fellow human beings. We can still work together to keep the peace." Amen. — Gunther Wertheimer, writing in the Baltimore Evening Sun.



LETTERS TO THE EDITOR

A Record of Policy Fiascoes

Regarding "Central America: A Washington Fiasco" (Opinion, June 1): So what else is new? American foreign policy has always been more or less a fiasco. Franklin D. Roosevelt, through his naive preference for the motives of Stalin over those of Churchill, brought the Russians halfway across Europe. Later, in an equally naive reversal of policy, an obsession with communism ushered in McCarthy at home, and friends such as Fulbright, Batista, Anastasio Somoza and Augusto Pinochet abroad. John Kennedy tolerated the Berlin Wall, against which his claim "Ich bin ein Berliner" was not very effective. More recent examples of American diplomatic skill include Vietnam, Beirut and the anti-Gadhafi raid. Grenada? Yes, that was a success of sorts. But the INF Treaty? Merely the consequence of a new Soviet leader bowing to the pressures of domestic economic priorities. America has never had the patience or the wisdom to learn from history. Its attitude has always been: We have the clout, so we'll make the difference. This view, based on the monumental ignorance of its officials, an arrogant disregard for the proclivities of smaller nations and the craving for a quick political fix, has resulted in a foreign policy that has only one consistent trait: failure. JAMES PRICE, Gatstad, Switzerland.

Distortions on Ethiopia

The New York Times comment "OAU in Test of Courage" (May 27) is distorted. The claim that Empress Menen, wife of Haile Selassie, was executed by the present government in Ethiopia is part of a deliberate campaign to distort the image of the country's leadership. The empress died a natural death in 1962, a good 12 years before the revolution. The claim that the government "appears bent" on starving two million people is equally unfounded. Ethiopia's Relief and Rehabilitation Commission, assisted by local nongovernmental organizations, is carrying out relief operations in the two northern administrative regions. To equate the withdrawal of foreign relief workers, who make up not even 1 percent of the total relief force in the country, with a threat of starvation of two million people is absurd. The call for African leaders to discuss Ethiopia's purely domestic questions at the OAU summit is yet another reminder of Washington's policy of intervention in the affairs of the entire continent. TADEWOS ZELEKE, Geneva.

Pins Ça Change ...

It is almost exactly 40 years since I first set foot in Paris. I remember very well my feelings at that time, and my reaction to the sounds and sights and smells. I was mindful then of history, ancient and modern. And I am now. Of course, I have been through Paris since then, but it is not like coming to live in the place. So much is different, so much is the same. Then, for a very small bar of Ivory soap, I could get my laundry done for a whole week. Now, I cannot find a laundress (nor a coin laundry). Then, a taxi driver told me, "C'est double la nuit," and when I replied, "J'habite Paris," I got the response, "Oh, je m'excuse." Then, I was a nearly penniless student and now I am a retired businessman. Now I ride on the Métro and do not dare to get into a taxi. It smells the same: green leaves on trees, and the smell (never mind the taste) of fresh bread. And the Parisians are the same. They jump queues and push and shove exactly as they did in 1948. We respect our disrespect for one another. The people of Paris are not like the French (an entirely different thing, as Louis XIV found out, to his regret). The women are still mostly chic and the men mostly not. The Métro goes, or seems to go, much faster, and more quietly, and does not smell anymore (or even as much) of garlic. I hate Paris. I love Paris. JUDSON PALMER, Paris.

A Life in Letters, and Cups, And an Earring in a Trunk

By Ewa Zadrynska

NEW YORK — I came to live in the United States believing I was profoundly prepared. I had studied the works of Flannery O'Connor in Polish, and had learned English by reading J.D. Salinger's short stories. I had seen all of Woody Allen's movies, and could sing Duke Ellington's "Take the 'A' Train." But I found myself living in Washington Heights, at the north end of Manhattan, among Spanish-speakers, plantains and a thousand "boom boxes." My only connection with the rest of the world was the famous A train. But this train didn't lightly swing like Ellington's. It rocked and rolled like heavy metal. How was I supposed to make myself at home at 190th Street and Broadway in the middle of 1983? I looked for something I could identify with, something that would make my present more secure. One day, in 1984, at Hillside Avenue and Broadway, I saw an old wooden trunk that looked very familiar. Its location, next to some garbage cans, indicated that it was meant to be trash. Even the tag — "Destination: America; Address: Unknown" — didn't change my impression that I had seen this trunk before. In Poland, my sister stored her blankets and pillows in the same kind of trunk. She had bought her vintage trunk in a small village near Wroclaw, within the so-called post-German regions. When I forced open the lid of the trunk in New York, I was not surprised to find yellowing postcards from Breslau, the German name for Wroclaw. It also contained a broken silver bracelet, an odd earring with the Star of David carved on it, two tea cups, silk dresses for a very slim young woman and dresses for a more mature, older woman. There were also bundles of letters, papers and photographs. The trunk had belonged to the Mueller family. It, and they, came to America in 1936. (The tag on the lid was dated August 1936.) They probably had lived in Wroclaw. There, at least, they had been well off. One of the photographs was taken in an expensively furnished living room. They had been in their 20s. Full of good expectations and confidence, they looked straight into the camera. They were Jewish. (A later photograph, probably taken in the United States, showed the family celebrating Hanukkah.) They spent at least 30 years together. There was a letter written by Mr. Mueller to Mrs. Mueller in 1976. Hesitantly, I looked at it. As far as I could understand it, Mr. Mueller was in Los Angeles visiting relatives; he missed his wife and looked forward to seeing her. Mr. Mueller probably died not long after that. If he had been alive, he would not have dumped their personal letters. If he had died recently, there would be men's clothing in the trunk. They liked to drink tea. There were two old Meissen cups with a pink and blue rose pattern. Mrs. Mueller must have been fond of them: They had been chipped twice, and the first time mended with an old-fashioned glue that left brown lines in the cracks; the second accident occurred much later, when better glue was available. Only a person who cared about memories would have bothered to apply the glue. Mrs. Mueller cared, but whoever threw away the tea cups judged them in cold blood. How did she lose one earring? Why did she keep the odd one? Maybe she believed, as some Europeans do, that things have souls and suffer when thrown away. There was also a bracelet that seemed to have been broken on purpose, deliberately twisted and bent. When I looked at the pieces, I pictured an infuriated Mrs. Mueller destroying the bracelet with the hope of punishing her husband. Later, when Mr. Mueller was forgiven, the bracelet was too. It was put back into its Tiffany cotton envelope and stored away. I think Mrs. Mueller meant to fix it someday. The trunk contained not only the Muellers' past but also some of mine. Two years after getting married, I tore apart a silver necklace I had received from my husband as a wedding gift. I kept a few pieces in a little box and someday I am going to link them together. In Warsaw, I had a similar set of Meissen china cups. I would never throw out an odd earring. I store my correspondence, bound with a blue ribbon, the way Mrs. Mueller did. I know the Wroclaw street on one of her postcards. I took home the broken bracelet, the earring and two photographs of the Mueller family. The trunk was too heavy to carry, but when I came back with my husband, James, it was gone. Only the two china cups leaned against the trash can. I thought about the Muellers drinking their tea for 40 or 50 years. Over my husband's protests, I took the cups home. Two years later, when we were moving 180 blocks downtown, the cups broke again. I didn't glue them. I had just begun to work full-time and adjust to the American pace. I didn't have time to bother about two old cups. The cups, after all, were someone's else memory. By then I had my own New York past. I still have the broken bracelet, though, and the nicely framed photo of Mr. and Mrs. Mueller in 1929. I hung the picture over my daughter's bed, but when I tired of the question, "Are they your grandparents?" I slipped a picture of my daughter wearing her school sweat shirt into the frame. I never told Zuzanna that, behind her back, there is a young couple full of confidence, staring straight ahead. Ewa Zadrynska, a writer, left Poland after martial law was declared. She wrote this comment for The New York Times.

GENERAL NEWS

VDTs Are Again a Health Issue in U.S.

By Philip M. Boffey

WASHINGTON — After years of relative quiet, the possible health effects of video display terminals have again become a public issue, fueled by a scientific study and a new law on Long Island. These appear against an unsettled scientific backdrop, in which some dangers are discounted but others are still open to doubt. The latest research raises new fears that the terminals might be linked to miscarriages or birth defects in pregnant women, but the findings are only preliminary and suggestive, according to the researchers. The evidence on eyestrain is more conclusive, experts say. The consensus of authoritative scientific groups is that terminals do not ruin the eyes permanently by causing cataracts or other physiological damage. But the terminals can cause eye irritation, fatigue and headaches in workers who spend long hours staring at their machines. Paradoxically, the danger most feared by many workers, the radiation emitted by the machines, appears to be the least likely source of problems, according to experts. The video display terminals, which look much like television screens attached to a keyboard, are rapidly replacing typewriters and other office machines in many businesses. The terminals have raised sporadic fears that, like any new technology, they may introduce unexpected health problems after prolonged use. Virtually every expert group that has reviewed the evidence has largely discounted the risks of major or permanent health damage. But a fresh wave of concern ripples through the work force this month after two unrelated events, one scientific and the other political. The scientific event was a new study, the most extensive yet conducted, which found a statistical correlation between miscarriages in working women and long hours of VDT use. The study was conducted by researchers at the Northern California Kaiser-Permanente Medical Care Program. They interviewed almost 1,600 pregnant women two and a half years after their pregnancies and asked them to recall what exposure they had to video terminals. The study found that clerical and administrative support workers who recalled spending more than 20 hours a week at their terminals in the first three months of pregnancy were almost twice as likely to have experienced a miscarriage as working women who did not use terminals.



Some dangers of video display terminals are discounted, but others are still open to doubt.

The study re-ignited concerns about the possible adverse effects of the terminals on human reproduction. Several smaller studies and investigations had found hints that terminals could adversely affect the outcome of pregnancies but this study provided the first significant evidence. The scientists acknowledged that their findings might result from factors in the workplace that are unrelated to the terminals themselves. They called for further large-scale epidemiological studies "to establish whether or not a reproductive health problem exists." Marilyn K. Goldhaber, the chief author of the study, said that the findings surprised the research team because there is no biological mechanism postulated to explain how the terminals could cause miscarriages. She said the results "could be entirely due" to a tendency by women who suffered miscarriages to overestimate the time they spent at their terminals as a possible explanation of their misfortune. Ms. Goldhaber said that, if the correlation her study found was real, her "best guess" was that the miscarriages were not caused by any radiation emitted by terminals, largely because the amounts of radiation emitted are "so tiny" that "this is not our most likely explanation." More likely, she said, the miscarriages would be related to discomfort in the seating or work arrangement at the terminal, or to stress related to the monotony or pressure of VDT work or to something else in the workplace. In that case, she said, the terminal might be a marker designating people at risk of miscarriage rather than a cause of the miscarriages. The American College of Obstetricians and Gynecologists concluded in 1984 that the radiation emitted by terminals was "insufficient to cause spontaneous abortions and birth defects." The American Medical Association's Council on Scientific Affairs concluded in December 1986 that "no association has been found thus far between radiation emissions from VDTs and reported spontaneous abortions, birth defects, cataracts or other injuries." Dr. Harry S. Jonas, immediate past president of the obstetricians' group and now an official of the medical association, said that these positions remain in force but that the Kaiser-Permanente study has raised "a red warning flag" that more studies are needed. Meanwhile, he said, there is still no firm scientific evidence that terminals are a hazard to pregnancy. The National Institute for Occupational Safety and Health is conducting a major epidemiological study, scheduled to report early next year, that may shed more light on whether video terminals are associated with miscarriages. But expert opinion is split on whether the study will be able to pinpoint the true cause of any miscarriages found associated with VDT use. Meanwhile, the agency's latest position remains what it was in 1984, a spokeswoman said. The position is that video terminals are not a source of dangerous radiation, and that there is "some evidence" that they can cause physical or emotional stress. The position further states that effects on reproduction cannot be ruled out although no physiological mechanism is available to explain such an effect. The second factor igniting concern over video terminals this month was a law passed on Tuesday by the Suffolk County (Long Island) Legislature. It requires companies to subsidize annual eye examinations for VDT workers and eyeglasses or contact lenses if needed because of working on terminals. The law was not based on concerns about radiation emissions or miscarriages, according to its backers, but rather on studies that detected such ailments as eyestrain, stiff necks and crimping hand and wrist pains among workers who put in long hours at terminals. The American Academy of Ophthalmology, the leading professional group of eye doctors, reiterated on Thursday its position that "there is no convincing scientific evidence that VDTs are hazardous to the eyes." The levels of radiation emitted, the academy said, "are well below those required to produce cataracts or other eye damage even after a lifetime of exposure." But the academy said that terminals could be associated with eye irritation, fatigue, headaches and difficulty in focusing. Such complaints, it said, "can be remedied by either changing elements in the work station design or providing proper glasses for the user." Although eyestrain is annoying, the academy said, "it is not an indication that use of the eyes must be discontinued to avoid permanent damage." The Suffolk law will also require companies with 20 or more terminals to provide adjustable chairs and tables, detachable keyboards, non-glare screens and 15-minute rest breaks every three hours to employees who work 26 hours or more a week on the terminals.

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# 'We Want Armenia!' Crowds Cry in Enclave As Conflict Deadlocks

**Reuters**  
**MOSCOW** — People shouting "We want Armenia!" crowded the main square of Stepanakert, capital of the Nagorno-Karabakh Autonomous Region, on Thursday, one day after Armenia called for unification with the disputed region.

"I can hear them out there shouting, 'Armenia! Armenia! We want Armenia!'" said an official at Communist Party headquarters in Stepanakert, a city of 3,000 people.

The Armenian Supreme Soviet, the nominal parliament, voted on Wednesday in favor of transferring Nagorno-Karabakh to Armenian jurisdiction. It now is an enclave in the Azerbaijan Republic.

The Armenian Supreme Soviet urged the national Supreme Soviet in Moscow to consider and solve the question "positively."

Nagorno-Karabakh is a mountainous region important to the histories of both Azerbaijan and Armenia. Armenians make up three-quarters of the population, but the region has been part of Azerbaijan since the early 1920s, shortly after the formation of the Soviet Union.

Workers in Nagorno-Karabakh have been on strike for nearly four weeks to back demands for incorporation into Armenia. In the last four months, violence between Armenians and Azerbaijanis has left at least 35 people dead.

Strikes in Nagorno-Karabakh continued on Thursday despite the action of the Armenian parliament, the party official said. "Nothing has changed," he added.

In Moscow, the Communist Party daily Pravda said last week the strikes had paralyzed production in Nagorno-Karabakh and that party officials had "lost control."

In Stepanakert, the party official said Armenians in a truck convoy were injured when Azerbaijanis threw stones at them as they were driving into the city.

## ASIA: Few Soviet Gains

(Continued from page 1)

economic trade and business activity along the Pacific rim.

It also was a recognition, they added, that past Soviet policy had failed to provide Moscow with the influence and standing it wanted in the region.

That policy often was condemned by non-Communist Asian governments because it depended heavily on a buildup of military power in the Soviet Far East and its projection into other parts of Asia through Moscow's close ties with several Asian Communist countries, particularly Vietnam.

Mr. Rajaratnam said Moscow had realized that many Third World countries had become disillusioned with Marxist ideology.

"The style of extending Soviet influence is changing because the old Communist style comprising infiltration and subversion has proved negative for them," he said.

Instead, he added, the Soviet Union is trying to become an economic force in Asia and the Pacific "because the attraction of other big powers like Japan and the U.S. is their economic power."

Yevgeni M. Primakov, of the Institute of World Economics and International Relations in Moscow, said on a visit to Japan last month that the Soviet Union was aware of the growing economic significance of the Asia-Pacific area.

He said Moscow wanted to develop the Soviet Far East through extensive economic links with Pacific nations.

He said he could give no official information on the incident, but added that the trucks were traveling from Yerevan to Stepanakert to help with agricultural work when they were attacked.

In Yerevan, the Armenian capital, people were at work on Thursday and there were no demonstrations in Opera Square for the first time in weeks, a spokesman said. "It looks so strange to see the square empty. We became accustomed to seeing people there," he added.

Residents of Yerevan had called a general strike to back Nagorno-Karabakh's appeal, but started returning to work earlier this week when the Armenian Communist Party chief told them that parliament would support them.

In Azerbaijan, the republic's Supreme Soviet voted Monday to reject Nagorno-Karabakh's demands, leaving Moscow with the problem of solving the feud.

Izvestia, the Soviet government newspaper, said on Thursday that the Armenian parliament had condemned atrocities in Sumgait, a city in Azerbaijan where 32 people, most of them Armenians, were killed in riots in February.

Izvestia also said regional tensions had been aggravated by inadequate press and broadcast coverage of the trials in the Sumgait violence. News last month that one of the defendants had received a sentence of 15 years for murder provoked protests by Armenians that it was too lenient.



Russian Orthodox priests, wearing war medals, at the monument of the Unknown Soldier in Kiev during millennial celebrations there.

## CHURCH: Gorbachev Enlists Russian Orthodox Following in Campaign

(Continued from page 1)

not whether we were in heaven or on earth, for on earth there is no such splendor or such beauty."

In seeking to tap this force, Mr. Gorbachev seems to face no immediate risk. Firmly subjugated by Peter the Great almost 300 years ago and badly battered by the Soviet state, the surviving Russian church is timid and loyal.

Bearing ample witness to this subservience during the millennial celebrations are the medals of praise that Patriarch Pimen and other

prelates have lavished on Mr. Gorbachev and the restructuring plan he calls *perestroika*, the deference to officials of the watchdog council for religious affairs and the constant pledges of fealty to the state.

Yes, the recognition of an institution that by definition challenges the state's monopoly on ideology and authority has inherent risks.

Young people have long been tentatively tasting religion as an alternative to the barren official ideology and the new dispensation is certain to increase the flood. Dozens of unofficial religious pub-

lications already have surfaced and young believers increasingly call for a church entirely independent of the state.

Mr. Gorbachev probably will be compelled to give similar treatment to other churches and religions — the Muslims of Central Asia, the Baptists and Pentecostals, the Roman Catholics, both underground and sanctioned, of the Baltic republics and the western Ukraine, the Armenian church and the Georgian Orthodox Church.

The underground Ukrainian Catholics pose a particular prob-

lem. Forcibly merged into the Russian Orthodox Church by Stalin in 1946, the church continued to operate secretly and has become a repository of Ukrainian nationalism, which has long been feared by the Kremlin for its links to Ukrainian elites in the West and its hostility to Russian domination in Moscow.

On the eve of the celebrations this week in Kiev, a Ukrainian cultural study group held a conference on the millennium as a Ukrainian event, because it occurred in what is now the Ukraine and laid the foundations also of the Ukrainian nation.

Ukrainian Catholic sources also reported special masses celebrated in secret chapels in the western Ukraine to mark the millennium.

The Russian Orthodox Church itself, despite its willingness for many years to be a mouthpiece for Soviet propaganda abroad, has developed extensive independent ties to the Vatican, the World Council of Churches and other international organizations.

The presence in Moscow and Kiev of the Vatican's secretary of state, Cardinal Agostino Casaroli, at the head of a large and influential delegation testified to Pope John Paul II's interest in forming links to the Russian Orthodox Church despite the unresolved problems with Soviet Catholics.

Forging strong, independent links abroad and affirming its special place in "Sacred Rus," the church could yet prove a force for Mr. Gorbachev to reckon with.

## STRIKE: South African Blacks Recall Soweto Day

(Continued from page 1)

whether it would dilute participation in Thursday's observance.

But based on decreased passenger loads reported by public transport systems, independent labor analysts estimated that Thursday's strike was 70 percent effective nationwide, with heaviest participation in the Johannesburg area.

Police reported only about a dozen incidents of violence, not all of which could be directly linked to the anniversary protest. They included firebombs thrown at buses and delivery trucks in Cape Town, Durban and Port Elizabeth, and sabotage of a power line near Durban, which halted rail traffic for several hours.

An unidentified man was killed when a grenade he was apparently

carrying exploded in his hand near Cape Town, police said.

The 1976 uprising had a profound impact on South Africa's black nationalist movement, leading to the voluntary exile of many anti-apartheid activists, who collectively became known as the "Class of '76."

The uprising began as a peaceful protest against the mandatory teaching of Afrikaans in black schools, and quickly evolved into nationwide strife after police opened fire on a group of children in Soweto, killing several of them.

A month later, the government capitulated by declaring that blacks could choose the language of instruction in their schools.

A small group of blacks gathered Thursday morning at Soweto's Avlon Cemetery at the grave of Hector Pieterse, a 13-year-old boy who was the first to be shot by police during the protest march.

A widely published photograph of Pieterse's body being carried by weeping friends through the township's riot-torn streets helped raise the world's consciousness of the struggle against apartheid at that time.

On Thursday, relatives placed flowers at Pieterse's grave, which bears the inscription, "Deeply mourned by his parents, sisters and a nation that remembers."

9 Guerrillas Slain

South African police have shot and killed nine suspected nationalist guerrillas in the past week, Law and Order Minister Adrian Vlok said Thursday, Reuters reported from Johannesburg.

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# U.K. Warns on Security After IRA Blast Kills 6

Compiled by Our Staff From Dispatches

**BELFAST** — Six British soldiers were killed by an Irish Republican Army bomb planted under their van because they failed to make basic security checks after taking part in a charity "fun run," the British secretary of state for Northern Ireland said Thursday.

The six were killed Wednesday night by a seven-pound (3.2-kilogram) bomb hidden under their unmarked van in Lisburn, seven miles (11 kilometers) southwest of Belfast. It was the worst attack by IRA guerrillas on British troops in almost a decade.

The IRA's Belfast Brigade, in a statement taking responsibility for the blast, said guerrillas had slipped into the predominantly Protestant town of Lisburn, headquarters of the British Army in Northern Ireland, and wired the bomb to the van.

The vehicle exploded as the soldiers drove through the town center after taking part in a 13-mile charity run that had attracted 4,250 competitors.

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The vehicle exploded as the soldiers drove through the town center after taking part in a 13-mile charity run that had attracted 4,250 competitors.

soldiers at fund-raising events, but a police spokesman said it was impossible to achieve total security.

"We cannot have 100 percent security against an organization which will carry out a callous attack like this, where thousands of people are involved," the spokesman said.

The death toll Wednesday was the highest since an IRA bombing at a war memorial ceremony in Enniskillen killed 11 civilians in November.

(AP, Reuters)

## SOCCER: U.K. Crackdown

(Continued from page 1)

The government hates you, every one hates you."

Even West German news organizations seemed surprised at the level of reaction in Britain to the violence.

Britain's mass circulation tabloid newspapers have showcased events in West Germany in daily front-page stories, with headlines such as "Scum Fans at it Again," "World War III," and "Yobs Plot War." "Yobs" is a British slang term for thugs.

West German newspapers, on the other hand, have tended to play down the incidents. The liberal Neue Ruhr Zeitung said Wednesday that "since the starting whistle was blown, every punch, every smashed window and every black eye has been recorded as if a war diary had to be written."

Pointing out that West German regularly followed German first-division matches, the paper said that "Mrs. Thatcher should know better" than to assume such an attitude of shame.

The harsh reaction in Britain to the violence of their countrymen abroad reflects the cooperation and fear felt by Britons over the rising level of seemingly mindless violence and serious crime in Britain, on and off the soccer field.

Although it has sharply increased in recent years, violence around soccer matches is not new in Britain. Eric Dunning, a researcher who has studied the problem, said that the majority of the hooligans were unskilled or semi-skilled laborers with relatively low levels of education.

More than 2,000 people were arrested in disturbances in Britain's small towns and villages last year.

"In general terms, we're talking about people in their late teens or early 20s," said Brian Hayes, the chief constable for Surrey. "We're not talking about unemployed, deprived people. They are mostly people in employment, with money to buy drink."

Vol.	High	Low	Chg.
News Corp.	43.10	42.75	+0.35
Shell	34.50	34.25	+0.25
Dow	28.75	28.50	+0.25
Amgen	28.50	28.25	+0.25
Amgen	28.50	28.25	+0.25
Amgen	28.50	28.25	+0.25
Amgen	28.50	28.25	+0.25
Amgen	28.50	28.25	+0.25
Amgen	28.50	28.25	+0.25
Amgen	28.50	28.25	+0.25

NYSE 4 a.m. volume	NYSE 9 a.m. volume	NYSE 12 p.m. volume	NYSE 3 p.m. volume	NYSE 4 p.m. volume
1,157,000	1,157,000	1,157,000	1,157,000	1,157,000
1,157,000	1,157,000	1,157,000	1,157,000	1,157,000
1,157,000	1,157,000	1,157,000	1,157,000	1,157,000
1,157,000	1,157,000	1,157,000	1,157,000	1,157,000
1,157,000	1,157,000	1,157,000	1,157,000	1,157,000

High	Low	Close	Chg.
2,094.24	2,094.24	2,094.24	-175
2,094.24	2,094.24	2,094.24	-175
2,094.24	2,094.24	2,094.24	-175
2,094.24	2,094.24	2,094.24	-175
2,094.24	2,094.24	2,094.24	-175

**Thursday's NYSE Closing**

Via The Associated Press

Class	Prev.
Advanced	230
Declined	230
Unchanged	230
Total Issues	230
New Issues	230

Close	Chg.	Week	Year
327.15	-1.36	34.60	42.74
327.15	-1.36	34.60	42.74
327.15	-1.36	34.60	42.74
327.15	-1.36	34.60	42.74
327.15	-1.36	34.60	42.74

Vol.	High	Low	Chg.
3147	17.00	16.75	+0.25
3147	17.00	16.75	+0.25
3147	17.00	16.75	+0.25
3147	17.00	16.75	+0.25
3147	17.00	16.75	+0.25

Class	Close	Chg.
Bonds	98.56	-0.27
Govt	98.56	-0.27
Industrial	98.56	-0.27

Class	Prev.
Advanced	47
Declined	781
Unchanged	1,031
Total Issues	1,559
New Issues	7

Buy	Sales	Net
238,546	312,790	1,354
238,546	312,790	1,354
238,546	312,790	1,354
238,546	312,790	1,354
238,546	312,790	1,354

Open	High	Low	Close	Chg.
2,122.42	2,122.42	2,094.24	2,094.24	-175
2,122.42	2,122.42	2,094.24	2,094.24	-175
2,122.42	2,122.42	2,094.24	2,094.24	-175
2,122.42	2,122.42	2,094.24	2,094.24	-175
2,122.42	2,122.42	2,094.24	2,094.24	-175

High	Low	Close	Chg.
317.24	316.70	316.50	-0.40
317.24	316.70	316.50	-0.40
317.24	316.70	316.50	-0.40
317.24	316.70	316.50	-0.40
317.24	316.70	316.50	-0.40

Class	Prev.
Advanced	1,000
Declined	1,000
Unchanged	1,000
Total Issues	1,000
New Issues	1,000

High	Low	Close	Chg.
308.97	308.56	307.87	-1.71
308.97	308.56	307.87	-1.71
308.97	308.56	307.87	-1.71
308.97	308.56	307.87	-1.71
308.97	308.56	307.87	-1.71

# N.Y. Stocks End Sharply Lower

12 Month High	Low	Stock	Div.	Yield	PE	52 Week High	Low	Close	Chg.
12.00	11.00	AAR	0.10	1.00	15.00	12.00	11.00	11.50	+0.50
12.00	11.00	AAE	0.10	1.00	15.00	12.00	11.00	11.50	+0.50
12.00	11.00	AAI	0.10	1.00	15.00	12.00	11.00	11.50	+0.50
12.00	11.00	AAJ	0.10	1.00	15.00	12.00	11.00	11.50	+0.50
12.00	11.00	AAK	0.10	1.00	15.00	12.00	11.00	11.50	+0.50
12.00	11.00	AAK	0.10	1.00	15.00	12.00	11.00	11.50	+0.50
12.00	11.00	AAK	0.10	1.00	15.00	12.00	11.00	11.50	+0.50
12.00	11.00	AAK	0.10	1.00	15.00	12.00	11.00	11.50	+0.50
12.00	11.00	AAK	0.10	1.00	15.00	12.00	11.00	11.50	+0.50
12.00	11.00	AAK	0.10	1.00	15.00	12.00	11.00	11.50	+0.50

**NEW YORK** — Prices on the New York Stock Exchange closed sharply lower Thursday in moderate trading as profit-taking, a lower dollar and weakness in bonds clipped the wings of a market enjoying its highest levels since October.

The Dow Jones industrial average, which rose 6.93 Wednesday, fell 37.16 to close at 2,094.24. Declines touched more than a 2-1 ratio among the 1,950 issues traded. Volume totaled 161.6 million shares, up from the 150.2 million traded Wednesday.

The decline was exacerbated sharply by disarray in the credit markets, which were reacting to an unsubstantiated report in a West German newspaper that indicated the Bundesbank might be tightening monetary policy.

"There are some indications that Japan might be doing the same. And that says effectively that if the Federal Reserve wants to keep the dollar stable, it will not give interest rates much room to decline," said Hugh Johnson, senior vice president at First Albany Corp.

The decline of stocks was mirrored in bond prices. The Treasury's bellwether 30-year bond issue was off 1 1/2 points, or more than \$16 per \$1,000, in face value in late afternoon.

Donald Carson, president of Centre Square Investments Group, in Philadelphia, said the market began the day "with a high degree of nervousness" over rumors surrounding a possi-

ble hike in West German interest rates and the uncertainty surrounding Friday's so-called "triple witching hour."

He agreed that the quarterly event — in which stock-index futures and options and options on individual stocks all expire — had become less of a factor in the market, "but it still makes people nervous because sometimes the perception is more important than the reality."

He said the prevailing mood is very cautious, but he predicted that stability will return to allow the market to move up again.

Broader market indexes also retreated. The New York Stock Exchange composite index fell 2.23 to close at 152.44. Standard & Poor's 500-stock index dropped 4.68 to 269.77. The price of an average share lost 48 cents.

"The dollar weakened overnight and the markets, especially the bond market, are very sensitive to the dollar and this translated into weakness for stocks," said Ricky Harrington, chief technical analyst with Interstate Securities Corp., in Charlotte, North Carolina.

"In addition, the market has moved up very sharply over the past two weeks so profit-taking is not unexpected at these levels," Mr. Harrington said.

Stock trading resumed after the Memorial Day weekend, the Dow had jumped nearly 175 points to the highest closing level since the October collapse.

Nova Corp. was the most active issue Thursday, up 1/2 to 10 1/4. Smithline Beckman followed, dropping 9/4 to 45 1/4.

(UPI, AP)

12 Month High	Low	Stock	Div.	Yield	PE	52 Week High	Low	Close	Chg.
12.00	11.00	AAK	0.10	1.00	15.00	12.00	11.00	11.50	+0.50
12.00	11.00	AAK	0.10	1.00	15.00	12.00	11.00	11.50	+0.50
12.00	11.00	AAK	0.10	1.00	15.00	12.00	11.00	11.50	+0.50
12.00	11.00	AAK	0.10	1.00	15.00	12.00	11.00	11.50	+0.50
12.00	11.00	AAK	0.10	1.00	15.00	12.00	11.00	11.50	+0.50
12.00	11.00	AAK	0.10	1.00	15.00	12.00	11.00	11.50	+0.50
12.00	11.00	AAK	0.10	1.00	15.00	12.00	11.00	11.50	+0.50
12.00	11.00	AAK	0.10	1.00	15.00	12.00	11.00	11.50	+0.50
12.00	11.00	AAK	0.10	1.00	15.00	12.00	11.00	11.50	+0.50
12.00	11.00	AAK	0.10	1.00	15.00	12.00	11.00	11.50	+0.50

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# TRAVEL

- Elizabethan Homes
- Along the Meuse River
- The Frequent Traveler

International Herald Tribune

## TRAVELER'S CHOICE

**Berggruen Collection in Public**

The Berggruen collection of modern art — more than 100 works owned by dealer Heinz Berggruen, including paintings by Chagall, Bonnard, Seurat, Klee, Matisse, Giacometti, Miró, Braque and Picasso — is on display for the first time in Geneva, until Oct. 30. The exhibition, organized by the newly established GeneveArt Foundation, is being held at the Musée d'Art et d'Histoire. At the opening on Wednesday, Berggruen said: "It may sound pretentious, but upgrading the collection may be difficult." However, he added, "If I would spot another wonderful Seurat, I would not hesitate." The 74-year-old collector said he considers "Les Femmes" by Seurat — three nude females in the artist's studio — to be the "jewel" of his collection.

**Wimbledon Watching Strategies**

■ No reservations for the Wimbledon Lawn Tennis Championship, June 20 to July 27. You can still get a limited number of standing-room tickets for the first nine days by lining up early each morning. Standing-room tickets for the last four days have already been distributed to those who took part in a lottery for them. General admission tickets go on sale at 11 A.M. for £5 (about \$9). These tickets allow standing-room at Center Court, Courts 1 and 2, or freedom to roam the grounds to see players such as Pat Cash (left), who returns this year as defending men's champion. The ticket office advises arriving early. For those who get inside, reserved seats often become available in the late afternoon as people leave and turn in their tickets to be sold at a discount. After 5 P.M., the reserved seats can be purchased for a few extra pounds. And then, of course, there are the scalpers.

**New Barriers on Cyprus**

■ Visitors to Nicosia can no longer make day trips across the "Green Line," which divides the city of Nicosia — and the island of Cyprus — into the Republic of Cyprus and the Turkish Republic of Northern Cyprus to the north. Until a few weeks ago, according to a government spokesman, foreign visitors going from south to north could cross the line at a central checkpoint after signing a form stating that they would return to the same checkpoint from the north at 6 P.M. that day. Now, the Turkish Cypriot government requires that all passports be stamped when travelers enter, and the Greek Cypriots declare that anyone with a Turkish Cypriot stamp in his passport will be arrested. Visitors attempting to go north are now being turned away at checkpoints by Greek Cypriot guards. The Turkish Cypriots have encouraged people to tour their country, but the Greek Cypriots refuse to acknowledge that there is an independent country beyond the Green Line. Under the new rules, the only foreigners permitted to cross the line are diplomats. Citizens of both the north and south republics have never been allowed across.

**A Little Night Music to Croak About**

■ For the music lover looking for that something extra, consider the Frog Concerts of Hitzacker, West Germany. From June 19 to 24, the town will put on two evening concerts by local frogs. Accompanying the performances will be talks on the life and songs of these amphibians. For 355 Deutsche marks (\$200), concertgoers receive five nights lodging, demi-pension and a boat ride on the Elbe. Contact: Parkhotel, Hitzacker, Tel: 05862-8081.

**China on the Supersonic Run**

■ Pressed for time? For \$15,000, Air France's Concorde will zip you around China on an 18-day package from Shanghai and a tour of Jade Temple to a banquet in Beijing to the monasteries of Tibet, including a stop in Hong Kong. Departure is Aug. 12.

# It's Florence, but Where Are Statues?

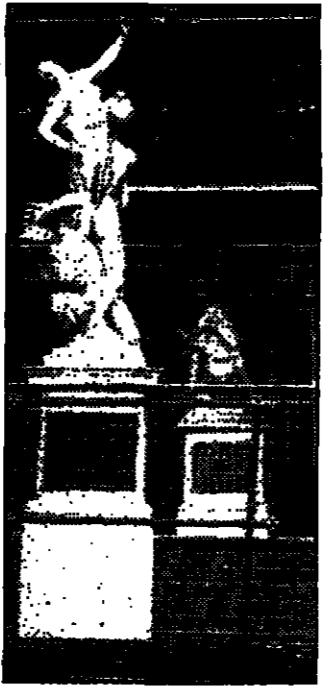
by Susan Lumsden

**FLORENCE**—The Piazza della Signoria looks like some sort of cataclysmic, end-of-the-world setting these days. There are the endless archaeological excavations to reveal a medieval city that no one really cares about, so brilliant was the act that followed, and the Loggia dei Lanzi, the greatest outdoor sculpture gallery in the world, is completely wrapped in scaffolding. Behind the plastic roofs covering the excavations nearer the Palazzo Vecchio, the visitor gets a glimpse of the beautiful bronze statue of Judith with her sword aimed at the throat of the drunk and lusty Holofernes. This is one of Donatello's greatest works (1457), possibly even more loved by the Florentines than Michelangelo's "David" beside it. Yet, this "Judith" is a copy,

as is "David," the original Michelangelo having long been consigned to the Accademia Gallery. In 1495, the original "Judith" was the first statue to be placed in the ceremonial Piazza della Signoria. It is now inside the Palazzo Vecchio after an unbroken outdoor tenure of almost 500 years. In spite of painstaking restoration, fully documented in a Sala dei Gigli exhibition, the greatest act of conservation, says Antonio Paolucci, the head of the Soprintendenza dei Beni Artistici e Storici, was moving the statue out of reach of the acid rains and traffic fumes. So begins a new era of copies to replace the last of the original Renaissance statues in the streets and squares. For many, it is the end of Florence the Pure, with its stannary link across six centuries of art and history.



"Judith" is in Palazzo Vecchio. Below, "Rape of Sabines," in scaffolding.



LAST February the city's traffic commissioner, Graziano Ciompi, made a widely acclaimed effort to close the center of Florence to all private cars except those belonging to residents. Today, Ciompi agrees, the ban has not worked well enough. In spite of the first sweet-smelling weeks, there has been a gradual failure to improve public transportation and to prevent unauthorized cars from entering the inner city. "But we have to continue," insists Ciompi. "It was possible in the beginning when everybody tried."

Other statues will go indoors gradually as suitable places are found in churches, museums and other public buildings. One of the next departures will be Verrocchio's "Doubting St. Thomas" as she was called then, to the public Palazzo Vecchio where she belonged. As a warning to other aspiring tyrants, the instigators inscribed *Exemplum Salutis Publicae* on the base.

Like "Judith," "St. Thomas" will be restored by the Opificio delle Pietre Dure. This 400-year-old workshop of semi-precious stones is now mainly a restoration laboratory that has just cleaned two panels of Ghiberti's Doors of Paradise from the Baptistery. They are now in the Museo dell'Opera del Duomo, the museum created in 1891 to conserve original sculptures from the exterior and interior of the cathedral. It is one of the finest museums in Florence, but hardly anyone goes there. For Florentines, and perhaps for visitors too, the real thing is in the streets, available for consumption at any hour. Indeed, the hard, flinty Florentine character is sometimes thought to be due to the habit of speaking with statues more than with human beings. "I'll meet you under Cosimo at noon and we'll go somewhere for lunch," is a common appointment in the Piazza Santa Trinita, the site of the tall, pedestaled statue of the first Medici to assume the title of grand duke of Tuscany. For children particularly, statues are immobile human beings. For Florentine children, they are characters imprinted on the psyche. One favorite is Ammannati's "Neptune," forever condemned to bathing in his fountain in the Piazza della Signoria. Others are not so friendly. Particularly bloodcurdling are Neptune's neighbors in the Piazza della Signoria. But unlike revolutionary Paris, where statues of kings and princes were beheaded



A view of the city with the Ponte Vecchio.

along with living ones, the statues of Florence are mainly of antiquity's underdogs. After the Medici were chased out of Florence in 1495, the mob rushed into the Medici palace in Via Cavour to carry away Donatello's brave "Giulietta" as she was called then, to the public Palazzo Vecchio where she belonged. As a warning to other aspiring tyrants, the instigators inscribed *Exemplum Salutis Publicae* on the base.

If marble and bronze and the hardest substances known to man are rapidly deteriorating in the presence of toxins, what are they doing to more fragile flesh and blood, asks Giuliano Tordi, an archaeological restorer. "What does it matter if David has triumphed over Goliath or that Perseus has beheaded the evil Medusa when we insist on driving cars into the historic center and voting for politicians who won't take the initiative in eliminating lead from gasoline or

improving public transport? The air is too abstract." Significantly, the last public protest in Florence was against the placing of a statue, by the contemporary Michelangelo Pistoletto, in the Piazza della Porta Romana. This large and witty rendering of a white woman's burden (man) is thought by its few admirers to be rather advanced conceptually for traditional Florence. The statues that are really cherished are the Renaissance ones in the Loggia dei Lanzi, which started crumbling a year ago in spite of being made of pietra forte, the yellowish stone of the early Renaissance palaces of Florence.

"We have tried to create spaces in the scaffolding to leave the statues open for viewing," explains Antonio Godoli, the architect in charge of the restoration of the graceful Loggia, built in 1380 and later named for the Lanzichenecchi, the Spanish guards who protected the Medici when they re-

turned as dukes with the support of Spain. In spite of the modern medical equipment — optical fibers — inserted into the stone to study its interior state of health, there are no skilled workmen left in modern times to choose the right veins or blocks of pietra forte to replace the crumbling ones, says Godoli. One positive sign of the times, he adds, are the 10 workers, all female apprentices in the Opificio delle Pietre Dure.

More, the forced restoration of the Loggia has brought to light yet another forgotten masterpiece in the statues of the Virtues in the niches between the rounded arches. According to Antonio Natali and previous art historians at the Uffizi Gallery, the head of "Faith" is by Donatello, circa 1435. It will eventually be removed along with the other Virtues and replaced by copies made of resin or cement, he says.

With the scaffolding already in place, he says, it seems logical to begin removing all the other statues of the Loggia without having to resort to a riskier crane to extract them. After the Virtues, the next to go will be "The Rape of the Sabines" by Giambologna (1582), followed by "Perseus" (1554), whose complex casting by Benvenuto Cellini is even the subject of an opera by Berlioz. What is being lost for the future in Florence is contemporaneously being resurrected from the past. The most outstanding example of recent progress in art conservation is the reconstructing and recasting of four Roman gilded bronze statues of the first century by the Archaeological Museum of Florence.

THE restorers — also responsible for the now celebrated Greek Bronzi di Riace — have gone one step further by re-

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## In Japan, Tourist Boot Camp

by Kathy Jones and Clyde Haberman

HERE is nothing like a Japanese inn, or ryokan, to rest the soul and relax the body. Travel articles are always saying that. You arrive in late afternoon, sip tea and munch on sweets, soak blissfully in a cedar tub, slip into a comfortable robe, get cozy with cups of warm sake, eat a visually stunning meal served in your room by a nurturing *mama-san*, stroll in the garden while your bedding is laid out for you on the floor and then crawl between caressing layers of blankets for eight hours of heavenly sleep. No, there is nothing like a Japanese inn. Except maybe boot camp.

Make no mistake. We love ryokans. They offer warm and intimate contact with Japanese tradition. But for the weary traveler, Japanese inns are often as accommodating as a steel corset, as soothing as a Wall Street floor trader. And at the tonier inns, you get to pay \$200 a night for the privilege. That's per person, just in case you spotted a bargain. Discomfort can set in upon arrival. NO shoes are allowed inside. At the entrance, you put on slippers, sometimes stamped with the inn's name. The foreigners who can find a pair that fits is as rare in these parts as a Chevy. As you pad around with your heels bumping along the hardwood floor, you feel like Alice after she ate the wrong mushroom. Slippers will be the bane of your visit throughout. You wear them in the corridors, but must take them off before stepping onto the tatami floor of your room. But did you pick up that critical detail in the scholarly book on Japan that you'd read on the plane? Not a chance. Instead, you blithely clomp onto the mat with the slippers still on while the *mama-san* shoots a withering look. When you go to the toilet in your room, you find another pair of slippers just inside the door, often hunkers of plastic with pictures of Mickey and Minnie Mouse on top. These must be worn while using the toilet and then left behind. Rare is the first-time visitor who

can keep all this straight. Most foreigners stroll back onto the tatami with their Mickey and Minnie still on. And, invariably, the *mama-san* chooses that moment to barge into the room. But that's all right. By then she has probably chewed you out for putting your robe, or *yukata*, on wrong. The first rule of ryokans is that *yukata* must be three sizes too small for foreigners, leaving a lot of unsightly leg exposed. Rule No. 2 is that foreigners will not know how to wear the robe properly. The left side must always be folded over the right. The other way around is reserved exclusively in Japan

**Slippers will be the bane of your visit throughout. You wear them in the corridors, but must take them off before stepping onto the tatami floor of your room.**

for the dead. That book on the plane probably didn't tell you that either. So one of your first ryokan encounters is with a room attendant asking why you would want to dress like a corpse. At about the same time, she will also ask when you want dinner, which is somewhat pointless since ryokan meal schedules are about as flexible as those at the U.S. Marine boot camp on Parris Island. How about 8 P.M., you suggest. She responds with a polite smile that screams no. Uh, 7:30, you offer. She smiles. O.K., you say, 7. She nods, but quickly adds that 6:30 would be better still. You look at your watch and discover that it is already 6:13, leaving little time for the relaxing communal bath you'd heard so much about. But you are not about to be cheated out of that experience, so off you run, carrying along a plastic-encased towel that was left for you in the room.

Optimists think that the bath will be a refuge. In a sense it is. When a foreigner walks in, the Japanese already there suddenly remember that they have to call the office, and rush out.

The nice thing about having the bath to yourself is that no one is watching when you soap yourself outside the tub while sitting on a tiny plastic stool. Or when you commit the cardinal sin of entering the bath without first rinsing off all the soap suds. Or when you run off shrieking in pain because the water feels suitable for cooking lobsters. Or when you rip the towel from its plastic case, and discover that it is only slightly larger than a postage stamp.

By the time you've dried your right arm, the towel is soaked through, and you still have the rest of your body to tend to. Sopping wet, you put on the robe. By then you're so flustered that you forget the dress code. There you are walking back to your room, a well-dressed corpse trailing puddles.

While you were away, the dinner table was set. Generally, the food is good. But we have yet to see a ryokan meal that did not contain a few items incapable of being catalogued as animal, vegetable or mineral.

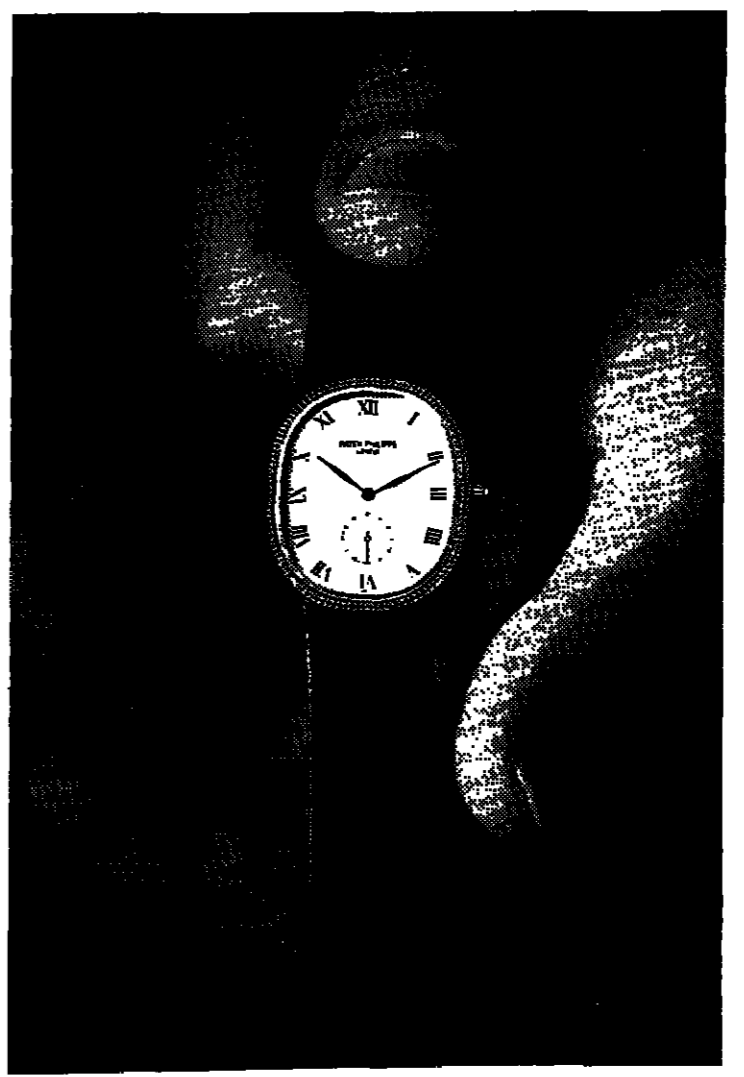
By the second cup of sake, leg cramps have set in from sitting too long on the floor. You get up, walk around to shake off the stiffness and take in the scroll painting and floral arrangement. Very delicate. Very nice.

But why, right next to these traditional ornaments, do ryokans put a red portable television set — sometimes with a channel for porno movies — and a small safe? In most places, there are no locks on the doors. If locks are unnecessary, why the safe? As you contemplate this mystery, a man bursts in, making it clear that mealtime is over whether or not you've finished. He moves the table, and shoes you away so he can lay out your futon and pillow, which is stuffed with rice kernels and is only a bit more comfortable than a boulder.

If it is winter, you now face one of the few

Continued on page 11

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TRAVEL

THE FREQUENT TRAVELER

An Answer to the Airport Blues

by Roger Collis

A businessman was brought to us who had been found wandering around the airport crying. It turned out he'd been to New York and back three days previously. He couldn't organize anything for himself, or really tell us what had happened. We contacted his wife—who thought he was in the States—and she came to collect him.

A surgeon on his way to the Middle East broke down completely when he lost his attaché case. We brought him to our office where he was able to let out his feelings of panic. Then, as he began to feel supported, he was able to call his friends and cancel his credit cards. We helped him and let him use our phone.

These stories are told by Lily Lawson, a Scottish social worker and manager of Travel-Care, an agency at London's Heathrow Airport for helping people in distress.

"I think everyone passing through here," Lawson said, "even the seasoned business traveler, is suffering from some anxiety, whether they are aware of it or not, even if it is just: 'Am I in the right place at the right time? Plus flying itself. If you then have to cope with a personal loss problem or have just left a lover, parted from your family or are going to an important business meeting, these things are compounded by the high pressure environment at the airport and that is often when breakdown and crisis can occur. I don't think that there is another airport offering a professional service. It's one thing to help people who have problems, it's another to help people who have personal problems. Our aim is to be a focus for human concerns in a commercial setting."

Heathrow, which handled 55.6 million passengers in the last 12 months up to the end of last month, has the dubious distinction

of being the world's busiest airport—up to 1,000 flights a day and 12,000 passengers an hour. It is also a destination for more than 53,000 people who work in the sprawling 1,197 hectare (2,958 acre) complex.

"We are available to everyone, passengers, airport staff, airline employees, tenants, immigration and customs staff, even traffic wardens who constantly give me tickets," Lawson said.

TRAVEL-CARE—a registered charity—was formed in January last year as successor to Well-Care, a Church of England organization, which had been counseling travelers at Heathrow for 17 years. (Last year the group decided to turn its attention to church-related projects.) Travel-Care, a totally separate organization, is supported by British Airways Authority PLC, the local London borough of Hillingdon, British Airways and the World Health Organization. (Travel-Care provides a support service for some of WHO's study programs, Lawson said.)

The airport authority gives Travel-Care £30,000 (\$54,000) a year towards its expenses of around £70,000 as well as rent-free offices and free telephone and electricity. Generous when you think of the high rent that the authority charges its tenants (a reason why you pay about 50 percent more to rent a car than from an "off-airport" firm), but self-serving to a degree. Asked why the authority considers it important to support Travel-Care, a spokeswoman said: "It comes down to the fact that, if it weren't for Travel-Care staff, our information desks would be sidetracked from their normal duties by having to deal with the sort of problem that Travel-Care can cope with."

Lawson has a staff of five social workers (including three who are part-time) and 12 volunteers drawn from early-retired airport staff. They deal with 2,000 cases a year.

According to Lawson, what can often trigger a crisis for business travelers is when they miss somebody meeting them or have their valuables stolen. "We had a businessman from Zimbabwe who became very disoriented when he lost his party—they'd changed their plans and missed out one leg," she said. "We eventually found them in Scotland, but we had to ring Zimbabwe to check. The guy was in a very anxious state. We get a lot of situations like that."

Most of Lawson's "clients," as she calls them, are sent to Travel-Care by airport staff. "What happens is that people can be around the airport quite a long time, and staff notice them in their little area. Sometimes people ring the airport or the airline saying, 'My best friends are coming, can somebody help them?' Other agencies, such as the Institute for the Blind, often ask us to meet people."

STANDARD operating procedure is to bring the client to Travel-Care's main office at the Queen's Building, near Terminal 2. "A cup of tea helps a great deal and an opportunity and the space for people to let out their frustration, upset, often aggression," Lawson said. "Space is very important and the therapeutic relationship we offer, although I would not want to make a special mystique out of it. Always we encourage clients to act for themselves, but in a crisis there are often times when the person is unable to do that. The skill is in assessing when we have to act on their behalf and when we should wait until they're ready to do it themselves. This is very important because we don't want to create a dependency on us, which is fairly easy to do when someone is in a vulnerable state."

When should a traveler seek help? "Whenever you feel the need," Lawson said. "Don't try to cope all alone. Go to an information desk and call us."

Châteaux Along the Meuse

by Theodore James Jr.

IN BELGIUM, the Meuse is a river of two faces. The stretch from the French border passes Dinant with its ancient citadel perched like an aerial overlooking the town. Then it flows on to Namur, through some of the most beautiful countryside in Belgium.

Here the riverbanks are lined with summer villas, châteaux, inns, outdoor cafés and cliffs. Pleasure craft pass heavy-duty barges and other commercial craft. Fishermen along the banks and in rowboats haul in trout, pike, carp, bream, eel and crayfish. Between Dinant and Namur there are five locks, attractions in themselves. At Namur, the river joins the Sambre and widens as it flows east past the ancient cities of Huy and Liège, crossing into the Netherlands, where it ultimately pours into the North Sea. This stretch is far less picturesque, lined with industrial complexes and factories, in short, hard-working waterway.

FOR centuries the Meuse Valley had been caught in power struggles between many of the great powers of Europe, spurring the erection of fortified castles, often upon ancient Roman ruins, during the Middle Ages. Later, manor houses were built and, during the last 300 years, affluent Belgians built elaborate châteaux. Today many are open to the public.

The château country of the Meuse is relatively unexplored. Tour companies are not yet busily many visitors in from Brussels and guides do not hold out their hands for gratuities. In some châteaux, your guide may be the lord of the manor, the chateleine or another member of the family. Compared with the palaces of kings in France's Loire Valley, the Belgian châteaux are modest. You will not experience too much art, too much fine furniture and too many rosebushes, for these were built, furnished and landscaped on a human scale and remain so. In many cases they are still inhabited by families whose ancestors built them.

The best way to tour is by car. Allow two days, the first covering Namur south to Dinant, the second the countryside along the Namur-Liège arm of the river. The recommended first stop is the Château d'Annoeue in Profondaville, about a mile away from the riverside village of Wepion, strawberry capital of Belgium.

Although the 18th-century Louis XV-style graystone château and furnishings at Annoeue are surely worth your time, the water gardens are the real attraction, one of the most romantic settings in Belgium. This paradise of flowers, ancient trees and cascading water was created by Charles-Alexis de Montpellier during the late 18th century, 100 years after André Le Nôtre laid out Versailles. It is a harmonious blend of formal French, romantic Italian and informal English garden styles unified by a network of fountains, cascades, canals, pools, waterfalls and grottoes. And although the succeeding nine generations of Montpelliers, down to the current son, Jean de Montpellier, have added their own touches, to a great extent the design remains true to the original.

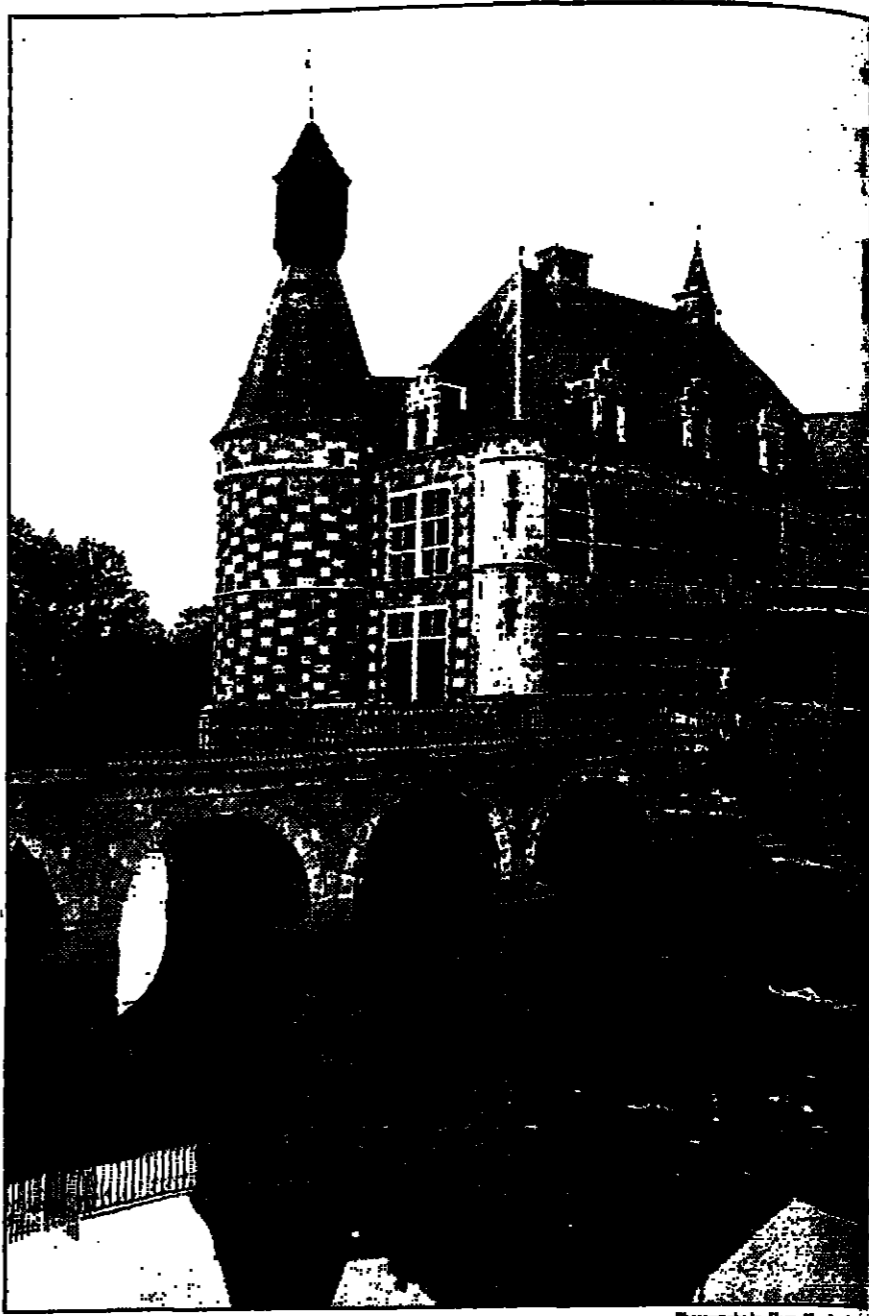
MONTPELLIER'S inspiration was the Villa d'Este in Rome, with its mysterious hidden gardens and gushing fountains operated by gravity. He had also visited Versailles, the new domain of Marly gardens, also designed by Le Nôtre, and the great gardens of England. A system of reservoirs feeds water into conduits that channel it into a descending system of fountains and other water spectacles. Gravity creates the pressure, without pumps or machines. Annoeue was the first water garden of its kind in Northern Europe and remains the only one in that part of the Continent operated by gravitational pressure.

Once you have passed through the towering wrought-iron entrance gate, the fantasy of gurgling, splashing and gushing water envelops you. At every turn there are such enchanting surprises as Italianate grottoes dedicated to Neptune or peopled with amusing stone dwarfs. There is a large reflecting pool fed by bronze dolphins flanked by the Giants' Walk: a planting of 200-year-old purple beeches; a series of descending fountains, the only one of its kind in Europe; and, at the end of the tour, a two-tiered cataract that spills into an octagonal pool with a towering flame, then a fan fountain culminating in another waterfall.

BEYOND are the recently added descending tiers of fountains and symmetrical parterres of flowers, not quite successful, but intended as a concession to tourism, according to Jean de Montpellier. "Tourists love lots of flowers, so we have had to install them," he said. During July and August the gardens are illuminated and open at night.

The next château to visit is Spontin, about a half-hour drive along the Meuse, and then through the surrounding hills and valleys. The countryside here is an amalgam of forests and farmland, planted with wheat, hops and golden-flowered colts, whose seeds produce an ultrafine oil used in such delicate mechanisms as watches. En route, you'll pass through a scarlet poppy-strewn Breughelian landscape dotted with castle farms, ubiquitous in Belgium. Since there are more castles per square mile in Belgium than anywhere else in Europe, far too many to preserve as national monuments, many ancient keeps and castles are simply used as barns by the farmers who own them.

Spontin is Belgium's oldest inhabited castle, complete with dungeon, turrets, drawbridge and a moat, a quintessential evocation of a fairy tale fantasy.



Château de Jehay-Bodegnée.

Photograph by Barry Heston.

As you enter the court, you'll pass through a monumental gate with details dating from the 12th through 15th centuries. Then you cross the moat that surrounds the castle section. You can operate the drawbridge if you wish. Just beyond is the keep, which houses a library with a 15th-century Gothic fireplace and 16th-century boiseries, a collection of weapons, some 17th-century furnishings and a 16th-century printing plate. The rest of the castle, dating primarily from the late 16th through 17th centuries, contains an eclectic collection of museum-quality furnishings and art, including an ivory Christ by the 17th-century artisan François Duquesnoy. All was assembled by the succeeding generations and descendants of the Beaufort-Spontin family, who inhabited the castle until 1986, when it passed into English hands.

About a mile away in the village of Dornine is Le Vivier d'Oies, a country inn with one Michelin star, an ideal stop for lunch. Here you can dine on sweetbreads in port wine, asparagus in custard or Meuse River crayfish and eel in cream herb sauce. And, once you've finished, second helpings are served.

After lunch, head for Veves in the village of Celles, to the south of Spontin. This castle, contains an impressive collection of Sévres porcelains, an 18th-century Aubusson tapestry and much Louis XV furniture, all set in elegant rooms of appropriate style.

On the return trip to the Namur environs, follow the west bank of the Meuse. On the way, near the village of Frey, is a promontory upon the cliffs where you can view the Meuse Valley. Adjacent to the vantage point is a steep cliff, a challenge to the many mountain climbers who will see testing their courage and skill.

NEXT day, head west out of Namur beyond Huy toward Liège. Just beyond Huy is Argemont, a two-story rose-brick, early 18th-century chateau, built on a steep cliff overlooking the Meuse. Argemont is one of only three châteaux in Belgium that are owned and maintained by the Royal Association of Historic Houses. Like the other châteaux visited, Argemont has its own particular character, in this case a near-perfectly preserved 18th-century interior as well as exterior. The foyer wall surrounding an intricate, monumental staircase was painted in trompe l'oeil style in 1720 and has never been restored. Nor has the 18th-century ceiling rendered in the style of the Italian master Tiepolo. A clock in one of the anterooms has been ticking for several hundred years and has never been repaired. The Delft-style tiles were made in 18th-century Liège. All furnishings, chandeliers, fireplaces and mantles, floors, carpets and tapestries are 18th century.

For lunch, you might return to L'Alpe Noir hotel-restaurant in Huy to sample its fish specialties.

Plan on spending the rest of the afternoon at Jehay-Bodegnée, a most unusual and highly personal chateau. The present structure, with its strikingly original checkerboard facade made of white and brown stone, dates from the 15th century. Within lie attractions that are diverse to the point of being amusing.

The grand old man who owns the chateau is 82-year-old Count Guy van den Steen, archaeologist, collector and internationally known sculptor. Years ago he began excavations on his property, uncovering Roman ruins in the courtyard and, in the depths of the castle, Lacustrian, Celtic, Roman, Gallic and Carolingian remains. He has installed an extraordinary museum of archaeology and paleontology in the vaulted Gothic cellars. The collection, with many artifacts discovered on the grounds of the chateau, numbers in the thousands, spanning more than 30,000 years of history. Included are dressed flint of the Gravelly and Gravettian eras, human skulls, tools, arrowheads and jewelry from paleolithic and mesolithic burial mounds, neolithic ceramics, glassware of the early middle ages and, perhaps the most bizarre, an ancient musical instrument made from a human tibia.

The collections in the chateau are vast: ivories, wood-carvings, ceramics, jewels, watches, stamps, cameos, coins, snuffboxes, tapestries, Gothic through 18th-century furnishings, paintings of Brueghel, Titian, Vermeer, Murillo, Ribera, Giordano and others. The 300-piece silver collection spans three centuries.

The count's own artistic contributions are seen in the garden, where he has installed extensive wrought-iron work of his own design, rare trees, fountains, cascades and many of his whimsical bronzes, such as his sleeping Venus reposed in the middle of a pool, usually covered with ducks who find her voluptuous form a perfect place to bathe in the sun.

Theodore James Jr., author of "Landscape: A Five-Year Plan" to be published in November by Macmillan, wrote this for The New York Times.



Statue of lute player in Jehay.

another multiturreted fantasy, is perched on a hill, its medieval main maintained inside as well as without. Originally built during the 7th century by Pépin de Herstal, great-grandfather of Charlemagne, the present structure dates from the 13th century. Twenty years ago the castle was in disrepair, but efforts by the family and government have restored it.

Military history buffs in particular will find Veves of interest. For the main attraction is the collection of Renaissance armor in the armorial hall and the watercolors of military uniforms worn through the ages by members of the Liédenkerke-Beaufort family, owners of the structure. Unique in Belgium is the genealogical library and the heraldic engraving collection. The castle also

Table with columns for fund names, symbols, and prices. Includes sections for 'INTERNATIONAL FUNDS (Quotations Supplied by Funds Listed) 16th June 1988' and 'Other Funds'. Lists various investment funds from different countries like the UK, USA, and Europe.

The Global Newspaper



Vertical advertisement for 'Bis Fall St' and 'Bim' on the right edge of the page, featuring stylized text and graphics.

Handwritten text at the bottom left of the page, possibly a signature or note.

TRAVEL

2 Paris Bistros That Fall Short

PARIS — Every now and then we all extend ourselves beyond reasonable limits, and it seems that Michel Rostang, whose wings now spread all over the 17th Arrondissement and beyond, to New York, has gone a bit too far.

In addition to keeping afloat the luxury restaurant that bears his name, last summer he launched Le Bistrot d'A Côté, right next door to restaurant Michel Rostang. It was

PATRICIA WELLS

constant success, and, to date, are filled day and night with folks who love the well-chosen, limited, bistro fare.

As for the food, the idea here is copied from the Spanish, whose native tapas — little snacks — risk becoming as overexposed and as universalized as the Italians' pasta and pizza.

As one who has not only sampled but also prepared many of Rostang's recipes — namely the chicken liver terrine and chicken with red wine vinegar — I know how wonderful and lively they can be.

That said, the restaurant is really not comfortable (the hard wooden barrel chairs are not only impossible to sit in, but are dangerously unstable), the portions are much too large for the modest plates on which they are served, and the punkish darkness really does weigh on the atmosphere.

Rostang's overall menu, appealing on the first, second, even third visit, needs to be revised more often, but most urgently, someone must give the chef a basic lesson in seasoning. You can fool all of the people some of the time.

Dominique Nahmias, who has engaged in numerous extracurricular culinary activities beyond her flagship restaurant, Olympe, seems to have a winner in her latest production, a small cafe-restaurant hidden off a narrow, dark side street in the center of Les Halles.

At first glance Le Comptoir is nightmarishly dark, like a bad dream from the 1950s world of overstained wood and fluorescent lights. Triste with a capital T.

But the mood is redeemed by the clientele, a hip, relaxed group of people who are welcoming — in fact embracing — the very concept of the authentic neighborhood café.

On a recent rainy Saturday the café buzzed with a lively, positive tension: Couples lingered, leafing through a supply of weekly magazines and daily newspapers; children in strollers napped as their folks sipped a rosé d'Espagne; singles wandered in and took a stool at the bar, munching on cold omelets or dipping tiny fried specialties into a well-seasoned tartar sauce.

As for the food, the idea here is copied from the Spanish, whose native tapas — little snacks — risk becoming as overexposed and as universalized as the Italians' pasta and pizza.

Best bets include the chunky-style ratatouille, spicy chicken wings, a superb crème brûlée, and a fine chocolate mousse, garnished with candied ginger.

That said, the restaurant is really not comfortable (the hard wooden barrel chairs are not only impossible to sit in, but are dangerously unstable), the portions are much too large for the modest plates on which they are served, and the punkish darkness really does weigh on the atmosphere.

Le Bistrot d'A Côté, 16 Avenue de Villiers, Paris 17; tel: 47.63.25.61. Credit card: Visa. Closed Saturday lunch and Sunday. About 180 francs a person, including wine and service.

Le Comptoir, 14 Rue Vauvilliers, Paris 1; tel: 40.26.26.66. Open Monday through Saturday until 1 A.M. Closed Sunday. Credit cards: Diners Club, Eurocard, Visa. About 125 francs a person, including wine and service.

A Slightly Less Traveled Path in England

by Caroline Seeborn

TO FIND a path less traveled in England is like asking for a country inn along the New Jersey Turnpike, but for the persevering explorer, there are pockets of the country with historical houses and glamorous gardens that are not on every tour-bus route and that have not been written about a thousand times before.

Take the county of Northamptonshire, for instance, regarded by many as merely a way station en route from London to Scotland; or Lincolnshire, a rural outback on the way to nowhere, whose only claim to fame in many people's minds is the color green it apparently inspired.

Lincolnshire is the farther north of the two counties, a region of long winters and brisk east winds blowing in from the coast, as well as unexpected summer warmth. The capital is Lincoln, with a fine cathedral, and an ancient castle built in 1068, two years after the defeat of King Harold by the Normans.

But before this interminable strife, an Elizabethan masterpiece was built, close by that deserves to be better known. Doddington Hall is five miles (eight kilometers) west of Lincoln, and from it on clear days one can see the cathedral in the distance.

It is an Elizabethan house in the grand manner, reflecting the characteristic Elizabethan virtues of confidence and prosperity. Its four-square, outward-facing layout, its many windows (glass was a new invention and a highly favored material with the Elizabethans) and impressive symmetry speak volumes about its period.

The Hussey family inherited the house from the Tallots and, through them, the DeLavalas. Sir John DeLaval, clearly responsible for the 18th-century redecoration of the interior. With his builders, the Lumby brothers of Lincoln, Sir John introduced fine 18th-century plasterwork, and added paneling to counteract what he regarded as an excessive Elizabethan passion for windows.

His gardens are overlooked by St. Peter's Church, Northampton. In origin but rebuilt in 1776 in the Gothic style by the same Lumby who helped Sir John redecorate Doddington. Through the West Gate is an avenue of Irish yews, planted 25 years ago. Beyond them a double row of poplars leads the eye to the flat fields of Lincolnshire, as green as the name implies.

Turning south, a neighboring county is Northamptonshire, which boasts some famous houses, don't upset the balance of the garden," he said. "One thing I dislike about modern plant breeders is the flower in every color imaginable. Living in a traditional house, I want the old, traditional colors."

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The house is full of furniture and collections that have been passed on through four centuries of continuous habitation without changing family ownership. Portraits of Husseys and Delavalas fill the Long Gallery, where Elizabethans were accustomed to show off their pictures, as well as using it for recreation, family lessons and art.

When Sir John DeLaval, clearly an imperious amateur in the field of interior design, installed Georgian paneling, he had no qualms in "adjusting" some of these portraits to fit the new shape of the walls. In the White Hall, for instance, Kneller's painting of Sarah Hussey has been lengthened under Sir John's direction — most of her long brown skirt is a later addition.

Doddington Hall is set in some of the oldest gardens in England, five acres all meticulously restored by the owners. Box hedges enclose flagstones, old roses and salvia, with perennial borders and English shrubs lining the walls. There is a wild garden, with fine trees shading Queen Anne's lace, comfrey, herb robert, giant kingcups and other wild plants. Antony Jarvis has firm ideas about design and color. "You can have very strong blues and they

including Althorp, the Princess of Wales's family home, Bughley and Boughton. Averting one's eyes from these grandiose monuments, one may discover an equally beau-



Deene Park in Northamptonshire.

tiful destination, although on a smaller scale — Deene Park, near Corby, home of the Brudenell family since 1514. Overshadowed, perhaps, by its illustrious neighbors, Deene has just as interesting a history as the others, perhaps more so to literary tastes, thanks to Tennyson's famous poem about the Crimean War, "The Charge of the Light Brigade."

Their not to reason why, Theirs but to do and die: Into the valley of Death Rode the six hundred.

For leading the gallant Light Brigade to almost certain death was none other than the owner of Deene Park, James Thomas Brudenell (1797-1868), seventh Earl of Cardigan, a courageous but mis-

guided cavalry brigade commander. And Lord Cardigan's horse on that day was Ronald, a handsome chestnut, transported all those miles from his home in Deene Park to the valleys of the Crimea.

How do we know this? Because Ronald's noble head sits in a glass case at Deene, restored to brilliant life by the taxidermist's skill. Ronald survived that terrible charge, as indeed did his master. Moreover, Lord Cardigan's bravery has been immortalized in several paintings, with his lordship on Ronald's back, sword waving, eyes flashing, the horse prancing proudly. And while many historians feel that Cardigan, along with the other English generals, may have committed an appalling blunder in sending his men "into the mouth of Hell," at the battle of Balaklava, on his return local people presented him, in true feudal spirit, with a scroll, which in part declared, "We the undersigned inhabitants of the County of Northampton beg leave to approach Your Lordship to offer our sincere congratulations on your return to England and to express in the strongest terms our admiration of your heroic conduct at Balaklava."

These items are only part of the fascination of Deene Park, whose splendid rooms indicate the love and attention paid them over 400 years by the Brudenell family.



Doddington Hall, finished in 1600, looks almost exactly as it did then.

four years after his master, on June 28, 1872.

The gardens, like the house, are charming without being excessive. A fine collection of old roses, rare trees and shrubs are some of the pleasures. The house overlooks a lake, which gives an air of serenity to the rose garden and herbaceous borders, and the view of the house from the old stone bridge over the water is as timeless as the surrounding countryside of Northamptonshire, which Sir George Sitwell called "the heart of England."

Caroline Seeborn, an author of several books, including "English Country" (Clarkson Potter), wrote this article for The New York Times.

Florence

Continued from page 9

ating a replica of a staturary group that was mysteriously destroyed, possibly in the barbarian invasions of Rome, and found buried in 1946 by farmers in Cartoceto di Pergola in the Marches region of Italy. The identity of this imperial family group is now the subject of a contorted debate among art historians.

"This is a flashback, like traveling in time," says Gian Carlo Marini, the principal restorer and a bronze sculptor himself. Marini and his colleagues were able to restore and piece together the substantial fragments of the leading

bronze groups of Venice taken from Constantinople. But that's all. "Bronze was always melted down by enemies to make armor or statues in their own image," says Del Francia. "This is why there is virtually no classical bronze statuary remaining today. By studying these pieces, we see that the Romans had a more sophisticated method of casting than we have now."

To commemorate this milestone, a special stamp of the Bruni di Cartoceto has just been issued. After being seen by more than 60,000 visitors during the winter in Florence, the statues are on exhibition in Pergola before going on to the Museo Nazionale delle Marche in Ancona next month.

Significantly, the last public protest in Florence was against a new statue.

These are not reproductions, Marini explains. "They are replicas, or better, restitutions of the original, which was destroyed by massive hammer blows." A fellow restorer suggested that the successful experiment was "an analogical speculation on the original, give or take a few centimeters," and that it can be done again.

What's more, this is the only group of bronzes surviving from either Greek or Roman antiquity, says Pier Roberto Del Francia, the director of the restoration laboratory. There is the equestrian bronze statue of Marcus Aurelius on the Campidoglio hill in Rome, and the

Apparently, the museum there didn't want the new gilded bronze replica of the original equestrian statue, says Del Francia. It was allegedly too shiny and at odds with the original fragments, which are partly gray-green from the aging copper content in the bronze.

"This is what gilded bronze statues were originally like — shiny and bold enough to impress, and instill fear, in an illiterate population. They were the TV publicity images of the time," Del Francia says. "It might come as a further surprise to know that the Parthenon was painted red, black and green. Obviously these colors have been washed away from the white marble with rain and time. Patina? It's mainly a thing of the heart."

For the moment, the two shining replicas are in the private garden, at 92 Borgo Pinti, of the Società Mo-



Statues and scaffolding in Loggia dei Lanzi.

urgica Italiana, which paid for the costly castings, and in the Soprintendenza Archeologica della Toscana, Centro di Restauro, 67 Via Domenico Maria Manni. ("Donatello e il restauro della Giuditta," Palazzo Vecchio, Sala dei Gigli, 9 A.M. to 6 P.M. (except Saturdays) until Oct. 31.)

Susan Lumsden writes about the arts from Florence.

Japan Inns

Continued from page 9

choices allowed during your visit. Do you freeze or risk setting yourself aflame?

If you leave the kerosene heater on all night, you create a fire hazard. But if you shut it off, you must make sure not to get up in the middle of the night. It will be an unbelievably cold walk to and from the toilet — especially if you forget to leave behind the Mickey and Minnie and have to make the trip a second time.

Before you drift off to sleep, the mama-san will have asked what time you want breakfast. You have about as much choice as you did for dinner. And in the morning, while you are still between the blankets, she will storm into the room un-

invited, kicking you out of bed with the tenderness of a drill sergeant. With luck, you will have ordered a traditional Japanese meal. The footloose person who asked for a Western-style breakfast is likely to wind up with eggs over easy that were cooked the night before.

Why subject yourself to all this, you're probably wondering. Because for all the grousing, ryokans are great fun. Besides — trust us — the closets that pass for rooms in Japan's Western-style hotels are infinitely worse.

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Chyde Haberman, the Tokyo bureau chief of The Times, and his wife, Kathy Jones, have lived in Japan for several years.

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# France's Muddled Mandate

## THE ELECTIONS At a Glance

### April 24: Voting Begins in Presidential Race

President François Mitterrand, the Socialist, and Prime Minister Jacques Chirac, the Gaullist, score highest of nine candidates for president and advance to a run-off.

### May 8: Mitterrand Wins

Voters re-elect President Mitterrand with 52.5 percent of the vote, making him the first French president ever to be elected twice by popular vote.

### May 10: Rocard Is Named

Jacques Chirac resigns as prime minister. Mr. Mitterrand names to the post Michel Rocard, a Socialist who has led opinion polls as the politician with the broadest national appeal. His task is to form a minority government including non-Socialists to try to secure a working majority in parliament.

### May 14: President Calls Legislative Elections

Mr. Rocard says he cannot secure a working majority, and President Mitterrand calls early elections for the National Assembly.

### June 5: Voting Begins Anew

In the first round of legislative elections, Socialists appear set to win 310-330 seats in the 577-seat National Assembly. Projections for an alliance of conservative candidates indicate a possible 230-250 seats.

### June 12: Socialists Fail To Gain Clear Majority

The Socialist Party gains 70 seats for a total of 276, but falls 13 short of an absolute majority. Conservatives win 271 seats, down 25. Communists win 27, down 8. The National Front keeps 1 of 35 seats.

## Fundamental Division Persists Amid New Political Landscape

By Julian Nundy

PARIS—Thirteen months from now, the Paris sky will be lit with the biggest fireworks and laser show that the city has ever seen. That, a climax to ceremonies marking the bicentennial of the French Revolution, and the appearance of the 1988 Beaujolais Nouveau on the third Thursday of November are among the few predictions that can be made with any certainty about France's future over the coming months.

For the country has come through one of its strangest political experiences of modern times, one that has confounded the fine tuning of the most adept pundits as a whole new landscape has been fashioned in the space of the past eight weeks.

On four separate Sundays, the French went to the polls to elect a new president and a new parliament but the signals that they sent to their leaders were confused and contradictory. After the first round of the presidential elections on April 24, the message seemed clear: while President François Mitterrand was bound for certain re-election to a second seven-year term, he would rule a France where the far-right National Front was in the ascendancy, taking a record 14.4 percent of the vote, as the once influential Communist Party, with less than 7 percent, slipped into oblivion.

Seven weeks later, in the second round of the National Assembly elections, the National Front, whose countryside support had suddenly dropped by 5 percent, was to return only one deputy to Parliament.

This situation was largely brought about by a return to the two-round voting system first introduced by Charles de Gaulle when

he founded the Fifth Republic in 1958 under which marginal candidates are eliminated in the first round. In the last elections, in March 1986, voting was by proportional representation, ensuring that even minority parties won seats.

The Communists, on the other hand, jumped five points and retained 27 of their outgoing 35 deputies. This figure tipped the balance of power in favor of the left as neither Mr. Mitterrand's Socialists nor the conservatives were able to take an absolute majority.

Mr. Mitterrand had dissolved the assembly and called legislative elections in May to secure parliamentary backing for his new prime minister, Michel Rocard, a fellow Socialist and presidential hopeful.

Opinion polls had predicted that the Socialists would win a landslide, taking a majority of up to 100 seats over all other parties.

The Socialists, nonetheless, became the largest party by winning 276 seats, 13 short of an absolute majority in the 577-seat house, while 271 seats went to the conservative alliance of the Gaullist Rally for the Republic and the center-right Union for French Democracy, a coalition that, in various forms and under different labels, has ruled France for all but five of the past 30 years.

If there was a message, it seemed to be that many Frenchmen and women were bored with voting. In the first round of the parliamentary elections on June 5, 34 percent of registered voters abstained, followed by 30 percent a week later in the final round. Both figures were a record.

The elections took place against the background of an offer

Continued on page 14

## Economy Draws Consensus

By Reginald Dale

PARIS—France's new minority Socialist government will inherit a slow-growing economy that is showing some healthy signs of improvement but still provides little room for dramatic new policy initiatives.

There is widespread agreement, among the main political parties and private analysts, over the country's basic economic problems.

Growth in recent years has not been fast enough to reduce high levels of unemployment, interest rates have been too high, investment too low and exports need to adapt faster to changing world market conditions.

A reduction in French interest rates "is the top objective of our economic policy," said Pierre Bérégovoy, the new Socialist finance minister appointed immediately after last month's presidential elections. "Money costs too much in France."

Before resigning last month, the center-right government of former Prime Minister Jacques Chirac claimed to have made substantial progress in "redressing" the economy in the two years since it took office in 1986.

It was bequeathing its successors with rising exports and investment, increased competitiveness, low inflation and a stable franc, it said.

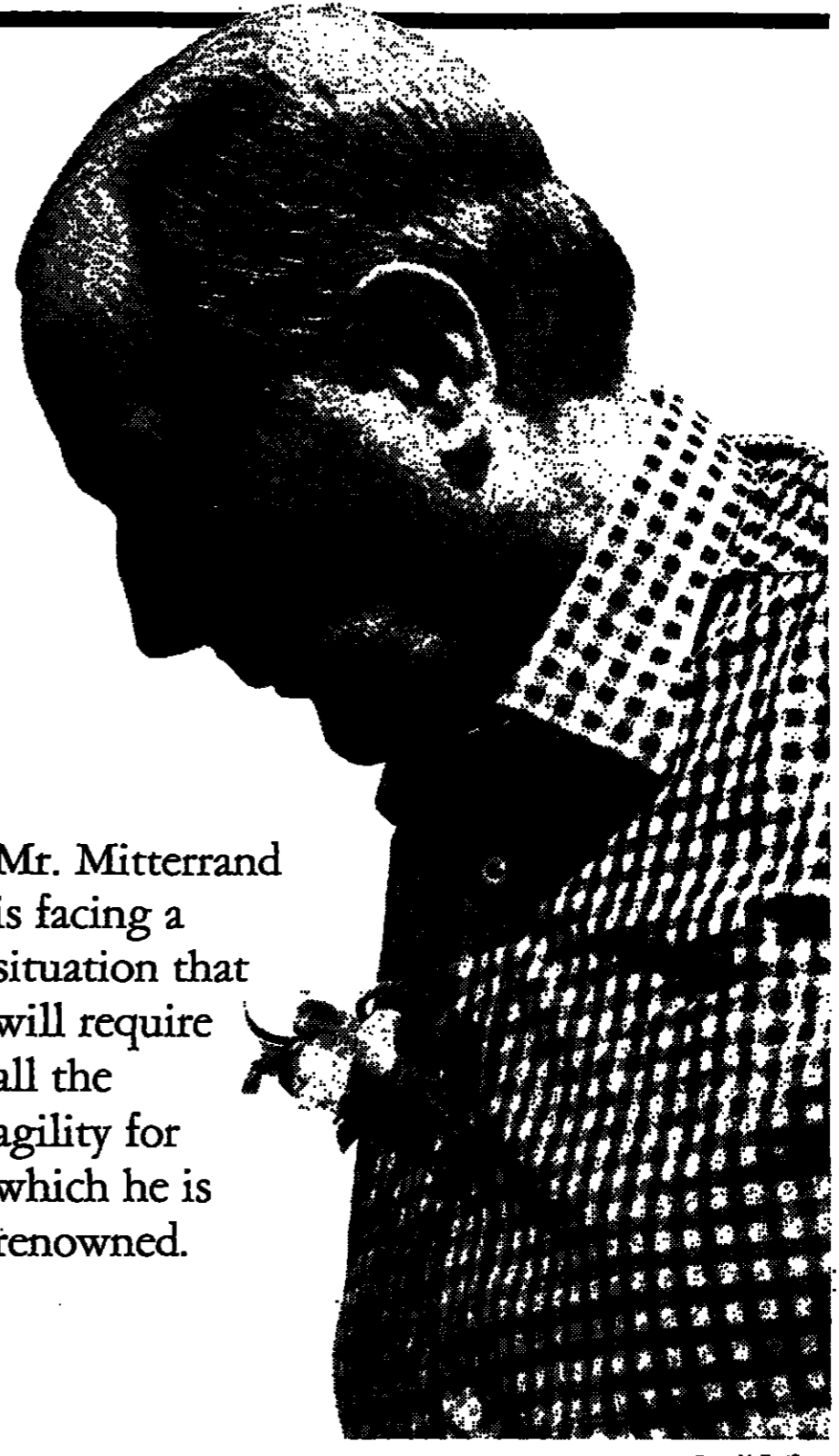
But the main lines of the Chirac government's free market policies were in many respects little different from the "neo-lib-

eral" social democratic formula espoused by the earlier Socialist government, in which Mr. Bérégovoy also served as finance minister, over the previous three years.

President François Mitterrand made it quite clear during his spring re-election campaign that he had no intention of repeating the disastrous experiment with doctrinaire left-wing policies with which he began his first seven-year term in the Elysée Palace in 1981.

Indeed, all the main political groupings except the Communists have stressed the need for "continuity" as the country prepares itself for the competitive challenge of the single European Community mar-

Continued on page 15



Mr. Mitterrand is facing a situation that will require all the agility for which he is renowned.

George Metlitzky/Corbis



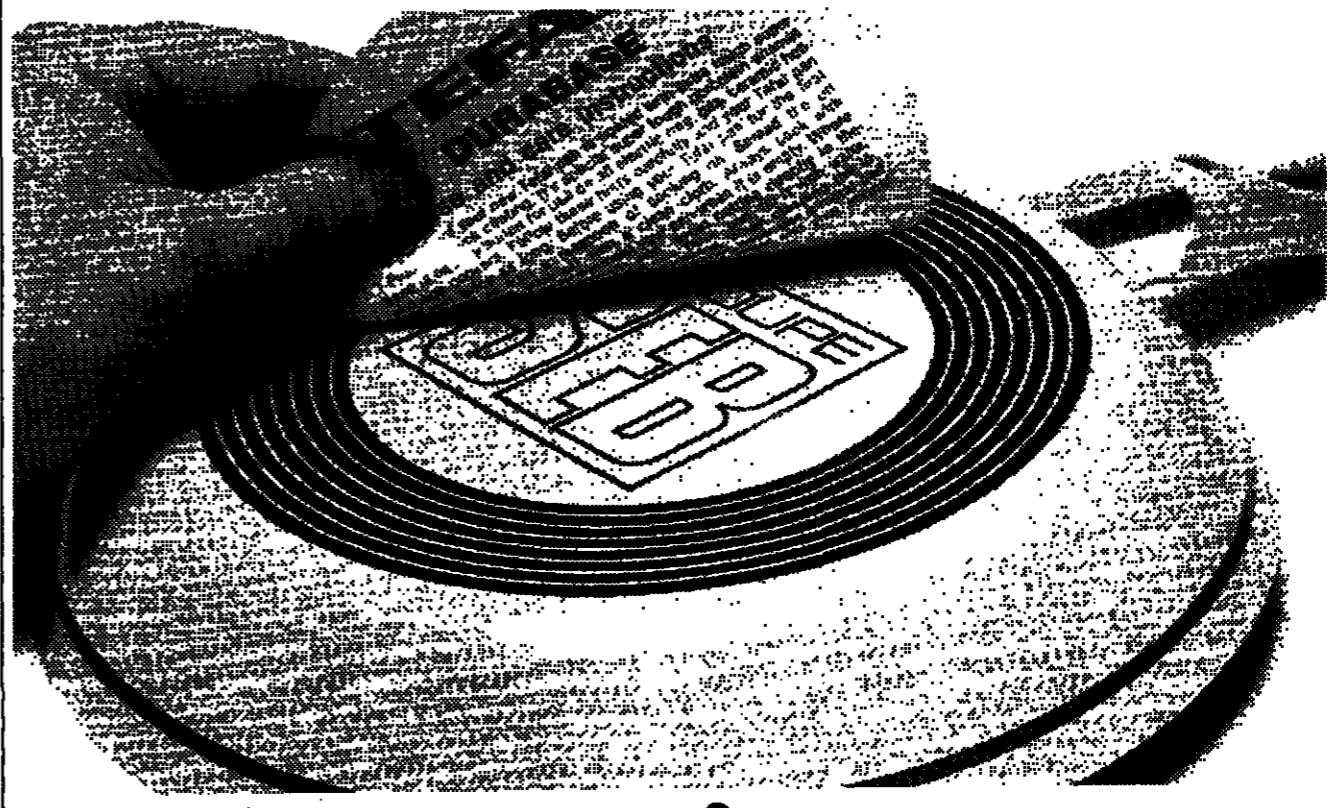
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READERS LAND

# Conservatives Apply Lessons in Unification

By Julian Nundy

PARIS — Just three days after France's last round of voting, the Union for French Democracy, an uneasy coalition of center-right parties that is allied with the Gaullists, split as the main centrist grouping affirmed its autonomy.

Some 40 National Assembly deputies of the Center of Social Democrats, headed by Pierre Méhaignerie, a minister in France's last government, decided Wednesday to follow their leader's call to form a separate parliamentary group, a step that will give them more independence in assembly votes and a right to television time during election campaigns.

While Mr. Méhaignerie said he wanted to stay in the Union for French Democracy, an umbrella party founded 10 years ago by then President Valéry Giscard d'Estaing, other leaders of the party made it clear that this was impossible.

Mr. Méhaignerie also insisted that his members would remain in the opposition but many analysts believed that his move was planned to take full opportunity of President François Mitterrand's offer of an opening to the center and would make it easier for his deputies to vote with the Socialists on occasions when they supported government policy.

In political circles, the joke of the week was that the party's French initials, CDS, stood for *Comment Devenir Socialiste*, or How to Become a Socialist.

The decision had been expected by many right-of-center politicians and opened the way for a new party made up of members of the Gaullist Rally for the Republic and of the conservative components of the Union for French Democracy.

The CDS move came after the conservatives received a lesson in unity that many of them argue should be applied quickly to create a new liberal grouping to oppose the Socialists in parliament and in future elections and, eventually, to field a single conservative candidate in the next presidential elections.

The lesson followed an exercise in disunity that eased Mr. Mitterrand's re-election to a second seven-year term.

The first round of the presidential election on April 24, instead of being the opening shot in a battle between a single conservative candidate and Mr. Mitterrand, was in effect, a primary for the leadership of the right between Jacques Chirac, for the Gaullist Rally for the Republic, and Raymond Barre, for the Union for French Democracy.

And, while Mr. Chirac may have won the primary, his claim to leadership and, eventually, for another try for the presidency were tarnished by Mr. Mitterrand's convincing victory over him in the second round on May 8.

To most observers, the conservatives had all the signs of being finished as a credible force for some time as they hurriedly cobbled together an electoral alliance to fight the National Assembly elections that were called for four weeks later.

Then, despite the fact that their campaigning was lackluster, they were to witness an astonishing reversal in their fortunes. Instead of being trounced ignominiously by the Socialists, as opinion polls had predicted, their joint candidates picked up just over 40 percent of the vote nationwide, 2.5 points ahead of the Socialists, in the first round.

For a few days, it looked as though the two conservative parliamentary parties could even pull off a majority in the new National Assembly, plunging France back into the *cohabitation* from which it had just emerged. In the event, they took 271 seats — now reduced by the centrist defection — to the Socialists' 276.

The change in their fortunes was attributed in part to a massive abstention by 34 percent of voters in the first round and 30 percent in the second, a record in modern France, but also to the fact that they had managed to field joint candidates to fight the left. This rid the elections of the often confusing and damaging spectacle of the past when two candidates in each district vied for the same votes.

This healthy picture of unity, however, became clouded when, in Marseille, the main center-right politician there, Jean-Claude Gaudin, worried by the progress of the far right National Front in his city and by its implications for municipal elections next year, agreed to let conservative candidates stand down to facilitate the election of National Front candidates in his area after Jean-Marie Le Pen, the front's leader, made a similar pledge.

The Marseille accord, which did nothing to save the National Front, was a boon for the left which was able to point an accusing finger at the democratic right.

The joint candidacies in the first round, under the banner of the Union of the Rally and the Center, although hastily arranged, fell within the logic of a plan for the broad-based conservative party that would bring the right wing of the Union for French Democracy together with the Gaullists in an anti-Socialist and anti-National Front grouping.

Talk of forming such a party came into the open early this year, several months before the presidential elections.

It has been dubbed "The Grand Republican Party" by former Culture Minister François Léotard, the general secretary of Mr. Giscard d'Estaing's Republican Party.

In March, shortly after he had written a lengthy article in *Le Monde* in support of a new conservative party, Finance Minister Edouard Balladur, a Gaullist and a senior adviser to Mr. Chirac, was charged by Mr. Chirac with the task of opening talks with Mr. Léotard's party to narrow the gap between the two.

This week, Mr. Balladur said that the new conservative party should be formed within the next six months.

Among the Gaullists, former Interior Minister Charles Pasqua opposes the idea, arguing that Gaullist support has become too middle class and that the Rally for the Republic should try to capture National Front voters by developing a more popular base.



Onlookers size up a day's catch on the docks of Marseille's harbor, which is declining, probably irreversibly.

# Marseille: Arena for a Nationwide Showdown

By Henry Tanner

MARSEILLE — The busiest port number in Marseille probably is that of a voluntary agency that gives legal support and other services to slum dwellers. The other day, after the line had been busy all morning, a weary voice on the recorder finally advised that the office was swamped with visitors and that inquiries should be made in writing.

Roger François, the agency head, later explained why there is much need for this kind of services in the city.

Marseille has an unemployment rate of 14 percent compared with the national average of 11 percent. The port, around which the city's life has been built for 2,500 years, is declining, probably irreversibly.

The huge soulless public housing developments that mushroomed in the outlying neighborhoods 20 years ago have become a town planner's nightmare. Overcrowded primary schools are the despair of parents, and the number of what French politicians call "the new poor" is growing. Social and ethnic tensions are heightened by the large presence of immigrants from North Africa.

Nobody, therefore, was surprised to see

Jean-Marie Le Pen and his National Front thriving in Marseille. His appeal is to those who feel disadvantaged and threatened, and his racist rhetoric is tailor-made for the city.

In the first round of the presidential election, the National Front won 28 percent of the vote, more than any other party, and came in first in 10 of the city's 14 districts. However, as the front's support fell from 14.4 percent nationally in the presidential elections to below 10 percent in the legislative elections, Mr. Le Pen failed to win election to the National Assembly from Marseille. But his next, more important objective remains the conquest of the Marseille City Hall in municipal elections next spring.

It seems clear that both the far right and the Socialist government have decided to make Marseille the arena for a nationwide showdown, in which the city's particularly explosive mix of problems will serve as a test case for other regions of the country.

Marseille, a member of the city council says, is going through a "double crisis" — the "normal" ills affecting most of industrial Europe combined with the decline of an old maritime city, many of whose installations and traditions have become obsolete.

The city's population has been shrinking for more than 10 years. It was 914,000 in 1978 but dropped to 870,000 in 1982 when the last census was taken. Another estimated 30,000 inhabitants have been lost since then.

The patterns of maritime traffic have changed. Marseille is no longer the gateway to a colonial empire. The big passenger liners that required services and brought in crowds of customers have been replaced by automated container ships that are gone almost as soon as they have docked.

There were more than 5,000 dockers in the 1960s. Their number is now down to about 800, and dwindling. The principal refitting yards have closed, wiping out scores of subcontractors and thousands of jobs. New industries have settled in the hinterland.

Marseille is a city of blue-collar workers, artisans and small trading firms. The city's leading families, sociologists say, have produced a merchant class but few industrial entrepreneurs and have failed to provide the political and economic leadership that would be needed to revive, or transform, the port.

Marseille is also a city of immigrants. Armenians, Arabs, Jews, Italians and others have come in successive waves for centuries, and "the last ones in have always tried to lock the door behind them," a local politician says.

Among the last arrivals, though not immigrants, are the French settlers who left Algeria when it became independent in 1962. Their accents, both as a language and a state of mind, can often be heard. Many of them are vocal supporters of Mr. Le Pen.

North Africans, notably Algerians, make up the latest wave of immigration and are the largest foreign community — 8.5 percent or about 75,000 persons, a figure that does not include children from immigrant families who were born here and are French citizens.

In addition, sociologists count a floating population of about 100,000 foreigners, mostly

North Africans, for whom no precise statistics exist. Some are visiting for a few days, others are settling down as illegal aliens.

In the city center, the North Africans have taken over the blighted warren-like quarters on both sides of the Canebière, the main street that has seen better days. Tens of thousands of others are crowded into huge high-rise, low-cost buildings in the city's northern suburbs.

Social and ethnic tensions, and some religious ones, have built up around these concentrations. These are the tensions on which Mr. Le Pen and his supporters have been focusing.

For the first time in memory, said Pascal

committee for the National Front. "They don't declare themselves," he said.

He is part of a self-help organization that is licensed by the city to do a wide variety of community work in the schools. Its members act as monitors for sports and cultural activities and as supervisors during meal time. They organize and direct holiday camps.

The greatest need, he said, was to involve the children in the community, to direct their energies and give them something to do. Until a few years ago, the children were left to their own devices. "We were becoming a ghetto, we were sitting on a bomb," he said.

He thinks things are better. There was "verbal violence" between communities, he said, but "no gangs with chains on one side, and no vigilante groups with guns on the other."

One of the city's chief magistrates said that Marseille has the patterns of petty crime of tough big cities. The incidence is highest in the poorest neighborhoods, which is where immigrants are concentrated. Mr. Le Pen's rhetoric notwithstanding, he added, people steal because they are poor and youngsters rampage because they are desperate, not because they belong to one ethnic group or another.

The Socialist city government has been assisting the services of self-help associations, including SOS-Racism, for several years. Philippe Sanmarco, the councilman responsible for economic affairs, confirmed the magnitude of the problems in the schools and the low-cost housing developments.

At his request a team of private consultants, urbanists and sociologists settled into an apartment in one of the worst housing units for a year and then came up with recommendations for rehabilitation from the inside. The measures include creating smaller apartments for individual families out of larger ones, freeing space for sports and community events, and bringing in professional activities, such as a school for nurses.

Mr. Sanmarco, now elected to the new National Assembly, would like to end an agreement under which France permits outside teachers, who are paid by the consulates of the three North African countries, to go into the schools and pull out immigrant children to separate Arabic and other lessons. To that the National Front does not have a monopoly on patriotism, he has ordered that 200-year-old republican motto — Liberty, Equality, Fraternity — be put back on the facades of public schools from which it was removed some time ago.

A leading sociologist is convinced that the city's current racial problems are "the last of the wave." More and more children of immigrants are being educated and assimilated and are acquiring professional skills. "The outcry is always loudest when members of the minority begin to overtake some of the others on the social ladder," he said, adding "four or five years from now we will be talking about this any more."

HENRY TANNER is a Paris-based correspondent for the International Herald Tribune.

### The explosive mix of problems will serve as a test case for other regions.

Arrighi, Mr. Le Pen's chief lieutenant in the city, a rightist party has been able to implant electioneering headquarters in all the low-income neighborhoods on the city's north side.

One of these is St. Antoine. Twenty years ago it was a village of a few thousand inhabitants surrounded by fields. Today it is an urban sprawl housing about 70,000 people, most of them North Africans and their children. On what once was the village main street, in a recently converted garage, a dozen middle-aged, middle-class men and women were folding leaflets for a campaign foray into the neighborhood by Mr. Arrighi.

All the grievances they voiced were about "them" — the "Arabs" who "dominate" and "depress" the neighborhood.

"The schools are a catastrophe; my children come home, and they can't read or write. Why? Because most of those kids don't know French and don't know discipline and are disrupting the class," complained a man who said he was a train conductor and head of a parent-teacher group.

"It's like living in a war, having a curfew, we don't go out after dark," said another. Twice during a short visit, the phone rang. Both callers wanted to know how they could enroll in the front and both were "Catholics who are fed up with the traditional right," according to the woman who took the calls.

On the same day in the same neighborhood, near the low-rent high-rise where he grew up, a 28-year-old social worker, son of Tunisian immigrants, said he had never met a party worker for Mr. Le Pen and never heard of a local

# Division Amid New Political Landscape

Continued from page 13

by Mr. Mitterrand to work for an *ouverture*, or opening, toward the center and the democratic right, to unite with other politicians to run the country together, to deal with the pressing problems of the hour, such as unemployment and the challenges of the creation of a single market in the 12 European Community nations in 1992.

As the parliamentary voting, which overturned the former conservative majority, meant that the Socialists could form only a minority government, a host of commentators set out to prove that the results showed that the French favored Mr. Mitterrand's offer and had demonstrated this by spreading the power.

However, such a thesis would imply an extraordinarily sophisticated and even coordinated manipulation of the political machine by the average voter.

What the results did show was that the French, whatever coalitions they might like to see running the country, were split, as always, 50-50 between left and right.

To soften this division, Mr. Mitterrand elaborated his new strategy of *ouverture* during the 26 uneasy months that preceded his re-election when a conservative government headed by Jacques Chirac, the Gaullist leader, ran the country. Mr. Chirac became prime minister when Mr. Mitterrand's first Socialist government lost its majority in March 1986.

Supporters of the president say that *ouverture* is aimed precisely at ending political zigzags as one group takes over from another and at strengthening the stage against extremists of both left and right, leading in effect to a form of government by consensus.

Mr. Mitterrand and Mr. Rocard have so far

failed to obtain any formal commitments of support from centrist groups in Parliament, and many analysts doubt that they will for some time to come.

In the meantime, however, the Rocard government has received a grudging pledge from the Communist Party that it will not be the one to bring the government down in a parliamentary no-confidence vote, although it has said it will fight government policies where it does not agree with them.

"We will not play the right's game," André Lajoinie, the Communist's presidential candidate, said after Mr. Mitterrand made a televised address Tuesday in which he promised to continue his search for new partners.

Another development that should ensure the Rocard cabinet a degree of longevity was the creation this week of a separate parliamentary group by some 40 deputies of the Center for Social Democrats.

This center-right party, led by Pierre Méhaignerie, a minister in the last government, was a major component of the Union for French Democracy, whose other leaders put pressure on him not to make this move.

With a separate group, Mr. Méhaignerie, said to be actively encouraged by former Prime Minister Raymond Barre, the centrist's presidential candidate, will find it easier in time to vote independently, although he has promised to remain in "constructive opposition." Many analysts expect centrist deputies to swing behind the government on occasions where Socialist positions are close to theirs.

This picture, in which the Rocard government may pick up votes from the Communists in some parliamentary debates and from centrist in others, has been dubbed "variable geometry" by the French press. It is expected

to guarantee the government's survival through the fall and until new alliances can be struck.

Mr. Rocard will present his new government's program to the National Assembly next Thursday.

His first real parliamentary test probably will come after the summer vacations when he will try to reintroduce a controversial wealth tax, that will affect about 100,000 people, in force under the last Socialist government.

For the centrist, Mr. Méhaignerie has already said that an allied measure, a minimum subsistence payment to the long-term unemployed that would be financed by the tax, will get centrist support provided that it is tied to some form of community service and is not merely a handout.

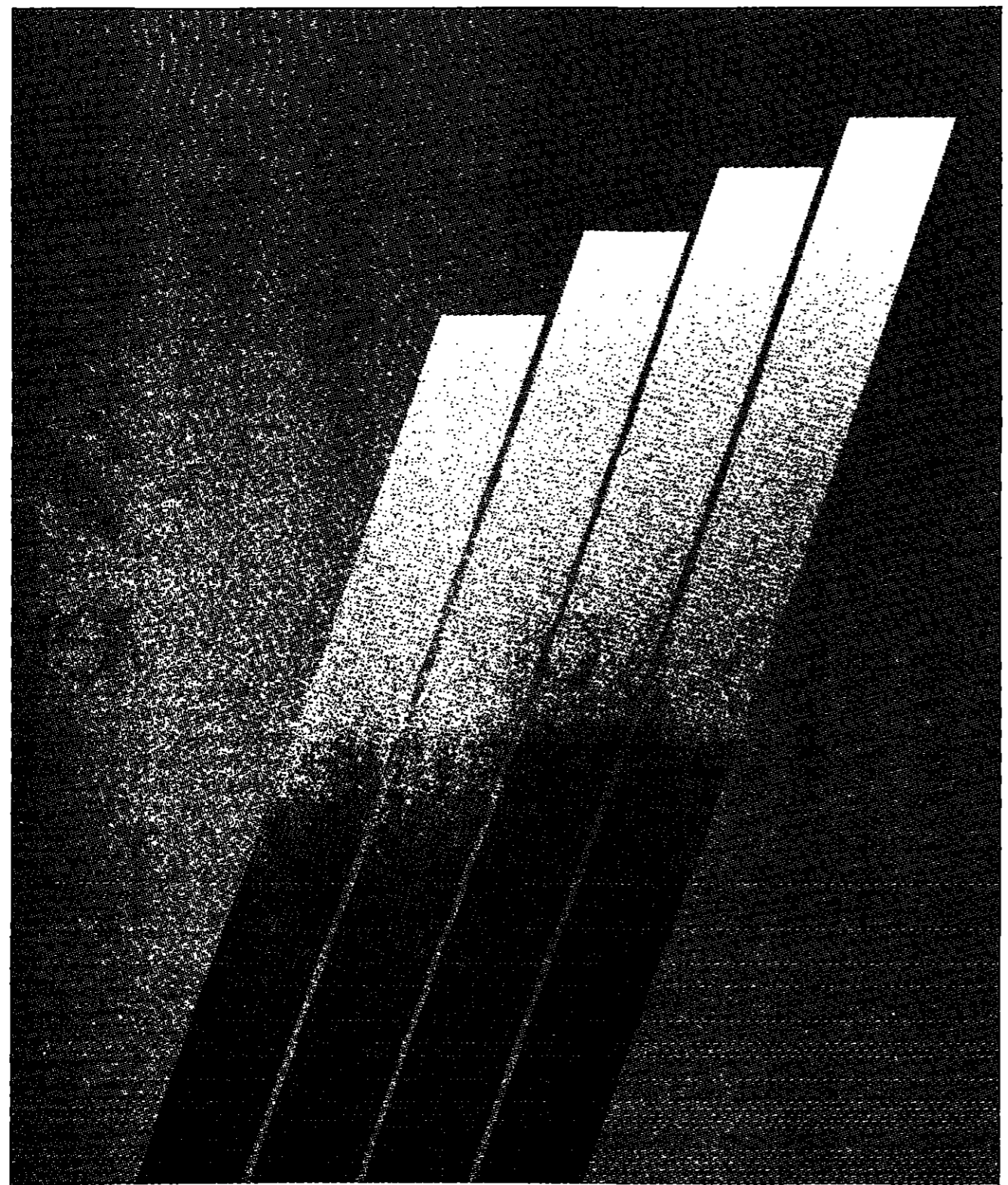
Thus, he has publicly offered possible parameters for the new measure, a process that many expect to become a common feature of French politics in the months to come.

For Mr. Mitterrand himself, the situation presents him with a new opportunity to use all the agility for which he is renowned to bring the country and his political rivals around to his point of view.

In his televised address, in which he drew key phrases from some of Mr. Barre's recent statements, Mr. Mitterrand said that Mr. Rocard would work on legislation that was designed to attract support from others in Parliament.

Putting the onus on his rivals for the government's success, he added: "We will see clearly then who is and who is not prepared to grasp this outstretched hand."

JULIAN NUNDY is on the staff of the International Herald Tribune.



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Economy's Drawing Consensus

Continued from page 13

due to be ushered in at the end of 1992. In a televised address to the nation this week, Mr. Mitterrand reiterated his view that top priorities for France were education, investment, and said French industry had to be modernized to help combat the unemployment problem. It was not a pronouncement from which most of his political opponents would dissent.

These broad similarities of approach largely analyzed economic policy as an issue both in the 1987 presidential elections and in the legislative voting that followed.

Analysts accordingly believe that the government intends to head off in a radical new direction, particularly as Mr. Mitterrand made it clear this week that he will be looking for ad hoc support from the centrist bloc to pass major parliamentary legislation.

Despite markets' traditional distaste for political uncertainty, the immediate verdict of French and foreign investors to the latest episode of the polls has been a cautious attitude of wait-and-see.

But it is not only for political reasons that the new policy departures appear unlikely. Most analysts agree that any French government would nowadays face economic constraints that place strict limits on its freedom of maneuver.

The foremost of these in recent years has been the discipline imposed by France's membership of the European Monetary System's tightly floating exchange rate mechanism. By linking the franc to the Deutsche mark, the stern's strongest currency, France has effectively relinquished some control over its national economy to the West German authorities, whose top priority is not to stimulate growth but to curb inflation.

A number of French politicians and economists would prefer to go for faster growth, particularly to tackle the country's obstinate unemployment, by substantially lowering French interest rates. But that could exacerbate the country's trade and current account deficits and risk a run on the franc.

The dilemma was underlined earlier this month by the Paris-based Organization for Economic Cooperation and Development in its latest economic outlook.

"The continuing current account deficit and the objective of maintaining the parity of the franc within the EMS limit the scope for narrowing the interest rate differential with France's main partners — even though a reduction of real interest rates would reinforce a recovery of investment, which is needed to improve competitiveness," the OECD said.

France, along with other EMS members, was spared to accept the system's discipline as long as the prime task was to combat inflation. In French inflation is now down to an annual rate of 2.5 percent, against West Germany's 1 percent — the closest France has come to the German level in 14 years.



Traders in a hectic session on the Paris Bourse.

Mr. Bérégovoy told the OECD ministerial meeting in Paris last month that the conquest of inflation remained the key to maintaining France's competitive position and improving wage-earners' purchasing power. "The time has not come to relax our efforts in the fight against inflation," he said.

But boosting growth is beginning to seem to many a more important priority than further squeezing inflation. And a number of analysts expect the Socialist government to follow rather more expansionary policies.

This year's 2 percent French growth rate forecast by the OECD last week, while higher than originally expected, would still be the lowest of the seven leading Western industrialized countries — just below the 2.25 percent predicted for West Germany. In 1989, both countries will slip back to 1.75 percent, according to the organization's latest economic outlook.

That estimate, however, is regarded as much too pessimistic by a number of French economists, who argue that the country's growth rate could reach between 2.5 percent and 3 percent this year. Unnoticed by many observers, they say, France last year finally entered a period of stronger growth, fueled by rising exports and investment, which continued in the first quarter of 1988.

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lary compared with Germany, Bankers Trust said.

"More importantly, the considerable competitiveness gains, which have been made against other European countries since 1985 should allow France to claw back some of the market share it lost over the last two years."

The same point was made by the outgoing Chirac government last month. "Our competitiveness measured in terms of unit wage costs, taking exchange rates into account, has improved by more than 15 percent against Germany over the last two years," the Finance Ministry said.

The question now preoccupying many economists is whether the new government will feel that a devaluation of the franc against the mark is needed to boost French competitiveness still further. So far, it has given no sign that it will. In his pronouncements to date, Mr. Bérégovoy has consistently referred to the desirability of a strong currency.

Private analysts, however, are divided over whether there will be a realignment of EMS exchange rates in the months ahead. "The franc almost certainly will be devalued against the mark (which also will be revalued) sometime this year, but probably by not more than a combined 5 percent," according to J. Paul Horne, Smith Barney's Paris-based international economist.

In recent months there has been continuing speculation on foreign exchange markets that the elections would be followed by a franc devaluation that would both boost French exports and allow the new government to reduce interest rates.

That view is no longer unanimously shared. Thanks to low inflation, an improving trade performance and the recent competitiveness gains, "a devaluation of the French franc within the EMS is very unlikely," says Bankers Trust.

Other economists also believe that Mr. Bérégovoy may see maintenance of the franc's parity as a key weapon in his fight against inflation. With EMS exchange rates no longer strained by a falling dollar, the franc surprisingly stable and export prospects brightening, the new French government may be under less pressure than was once expected.

REGINALD DALE is the International Herald Tribune's economics correspondent.

Jobless Rate Is Ratcheting Upward

By Brigid Phillips

PARIS — France has an unemployment rate that is among the worst in the West and there are no signs of early improvement. The unemployment rate has ratcheted upward for the past 15 years, reaching 10.7 percent by last summer.

It seemed last autumn that the jobless rate would finally fall. But revised estimates of the French economy reversed hopes that France could start creating enough new jobs to compensate for positions that have been eliminated in inefficient industries.

Unemployment now stands at 11 percent of the labor force. Shortly after taking office last month, the Socialist government declared that unemployment would get worse before it gets better.

That forecast is shared by the Organization for Economic Cooperation and Development, which analyzes and coordinates economic policy for 24 Western governments. OECD economists recently predicted a meager economic growth rate for France of less than 2 percent next year, well behind its trading partners and too low to stimulate job creation. As a result, unemployment should hit 11.5 percent by the end of 1989.

The average length of time out of work is increasing, and 45 percent of France's jobless are long-term unemployed who have looked for work for at least one year.

But only part of the problem is an economy that is growing at a rate lower than any other of the

seven biggest OECD countries. France is also saddled with a particularly high level of newcomers to the labor force. About 180,000 jobs have to be created each year to account for women, young people and others who are entering the job market.

France also puts heavy charges on employers that create inflexibility in the labor market. All are elements that contribute to what looks like a persistently high jobless rate for at least the next 18 months.

With such grim prospects, unemployment has become a hot political issue in France. In the recent presidential and legislative election campaigns, politicians set unemployment as a top priority. Yet, neither candidates of the left nor the right proposed a new formula to bolster employment.

Rather, when Prime Minister Michel Rocard took office, he immediately denounced the efforts of his conservative predecessors.

He charged that the government of Jacques Chirac had doctored the unemployment rate by enrolling the jobless on short-term training programs that are winding up now. After two years of Mr. Chirac's government, the Socialist Party says it returned to office to find the budget allocation for retraining schemes depleted.

And, they say, 68,000 jobless people are due to finish government training over the next three months and will be counted anew in the ranks of unemployed.

The combination of graduates from government training programs who will now need jobs, plus new job seekers, according to Mr. Rocard's social affairs minister, Michel Delebarre, will result in 250,000 more unemployed by September.

Mr. Delebarre originated some of the government-sponsored training to ease unemployment — especially among the young — in 1984 when he served under the

previous Socialist government. Although he is critical of the handling of the training program during the two years of Mr. Chirac's government, he apparently views training as the principal solution to France's unemployment.

The new government has plans to tailor a new training program more closely to the needs of its main target groups — the long-term unemployed, the young and women, the main newcomers to the ranks of job-seekers.

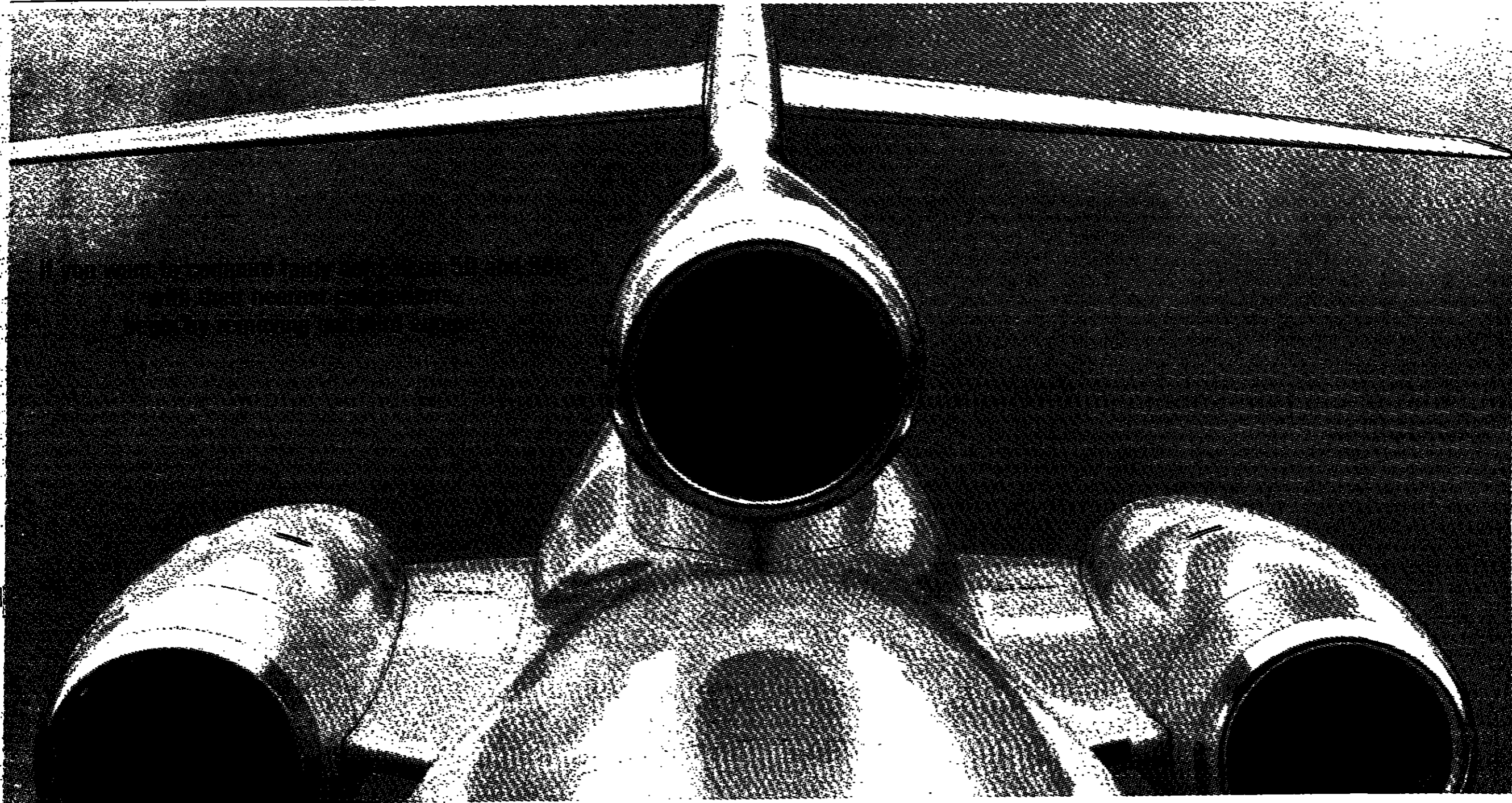
When the Socialist Party came to power under François Mitterrand's first mandate in 1981, it promised to keep unemployment under 2 million. With unemployment at 2.6 million, the question most economists are asking now is how long it will take to reach the 3-million mark. Most predict that it will be crossed within the next two years.

BRIGID PHILLIPS is a journalist based in Paris.

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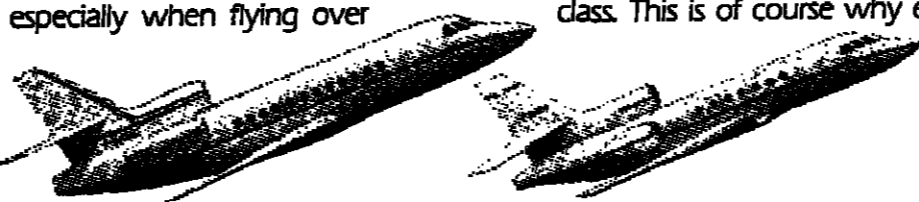


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Thursdays AMEX Closing. Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

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Western Steel Output Running at 7-Year High

BRUSSELS — Western crude steel production continued to rise in May and is now running at its highest level since 1981, the International Iron and Steel Institute said Thursday.

The Brussels-based institute said output in the 31 countries that report monthly data climbed to 39.64 million tons in May, a 6.6 percent rise from 37.19 million tons in May 1987.

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Dividends

Table with columns: Company, Dividend, Ex-Dividend Date, Record Date, Payment Date.

Table with columns: Company, Dividend, Ex-Dividend Date, Record Date, Payment Date.

Table with columns: Company, Dividend, Ex-Dividend Date, Record Date, Payment Date.

US Treasuries

Table with columns: Maturity, Bid, Offer, Yield, Price.

Norway's Deficit Widens

OSLO — Norway's current account deficit widened to 4.68 billion kroner (\$710 million) in the first quarter of 1988 from 2.6 billion kroner in the first three months of 1987.

World Markets in Review

IN THE IHT EVERY MONDAY. A WEEKLY REVIEW OF WORLD STOCK MARKETS, ESSENTIAL READING FOR INVESTORS AND PROFESSIONALS WORLDWIDE.

Spot Commodities

Table with columns: Commodity, Price, Change.

Table with columns: Commodity, Price, Change.

Table with columns: Commodity, Price, Change.

Paris Commodities

Table with columns: Commodity, Price, Change.

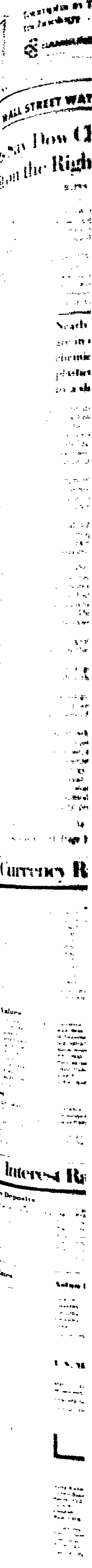
Table with columns: Commodity, Price, Change.

S&P 100 Index Options

Table with columns: Strike, Bid, Offer, Last, Change.

DM Futures Options

Table with columns: Strike, Bid, Offer, Last, Change.





WALL STREET WATCH

Experts Say Dow Chemical Has Hit on the Right Mix

By PHILIP E. ROSS

NEW YORK — Dow Chemical Co. is coming more than ever from a business that is more evenly balanced than ever.

Dow Chemical's shares closed at \$89.875 Wednesday, off 12.5 cents, on the New York Stock Exchange.

Analysts believe that Dow's stock is underpriced because investors have an automatic aversion to a company in a cyclical industry that is at a peak.

Nearly half its sales are in specialty chemicals and plastics, less affected by a slump.

The market is afraid of 1989, and people don't understand chemicals, said Mary O'Neill, a chemical industry analyst for Duff & Phelps.

Part of the recent increase in demand is domestic. But most of it stems from exports, which are soaring at the expense of European competitors.

TO STRENGTHEN its position abroad, Dow announced last month that it intended to increase its holding in Montedison SpA, the Italian chemical giant.

"Dow's doing even better than the industry," said John Henry, an analyst for Merrill Lynch & Co.

Analysts say that Dow has built a good balance into its business since the 1982 recession, both in the products it sells and the countries in which it makes them.

The company has nearly achieved its goal of deriving half its revenue from specialty chemicals and plastics, highly differentiated products whose prices, unlike those of commodities, do not suffer in a slump.

These products range from supermarket goods familiar to Americans, such as Saran Wrap, the liquid cleanser Fantastik, and Ziploc plastic food bags.

Dow continues to invest disproportionately in specialty products, but the current boom in commodities is masking the importance of the growth of specialty products to the bottom line.

In 1987, specialties accounted for 34 percent of operating revenue.

See WATCH, Page 19

Schneider Prevails In Offer

Bourse Clears Bid For Telemecanique

Compiled by Our Staff From Dispatches

PARIS — Schneider SA appeared Thursday to have won its four-month campaign for control of the robot maker Telemecanique Electrique SA after Paris Bourse authorities cleared its hostile bid.

The offer approved by the Paris Bourse gives Telemecanique an indicated value of 7.85 billion to 8.64 billion French francs (\$1.33 billion to \$1.46 billion).

Shortly after the Bourse approved the offer, Jacques Valla, chairman of Telemecanique, and Didier Fineau-Valencienne, head of Schneider, met to discuss "the harmonious entry of Telemecanique into the Schneider group," according to a joint statement.

The apparent victory by Schneider would prevail over a friendly bid by Framatome SA and a possible buyout by Telemecanique managers and employees.

Framatome, a nuclear power plant maker, is 40 percent owned by Compagnie Generale d'Electricite SA. Separately on Thursday, Alstom SA, a heavy equipment maker and engineering company that is also part of the Compagnie Generale group, said it planned to buy the electrical units of Schlumberger Industries for an undisclosed price.

The bid by Schneider, an engineering company, covers Telemecanique's entire capital of 1.57 million shares. It is offering 5,000 francs each for shares offered now or 5,500 francs for those offered next year.

Schneider's stock fell 12.90 francs to 327.00 francs on the Bourse. Market participants said the takeover would be costly for the company.

Telemecanique shares, currently suspended on the Bourse, were last quoted at 5,505 francs on March 1. Trading is to resume Monday.

Negotiations between Framatome, which offered 4,500 francs per share, and Schneider broke down at the end of last month. Framatome declined to buy Schneider's stake of approximately 10 percent.

See SCHNEIDER, Page 19

Out of Eurobonds and Into Mergers

Goldman Leads Switch by U.S. Banks in Britain

By Steve Lohr

NEW YORK — Signs of the times in London: A New York investment bank, Goldman Sachs & Co., is the leading financial adviser so far this year on British takeovers, a field once thought to be the bailiwick of London's merchant banks.

Yet Goldman Sachs, along with other major U.S. investment banks like Morgan Stanley & Co. and Salomon Brothers Inc., are well out of the ranks of the top 10 underwriters of Eurobonds, the London-based debt securities market that American firms dominated for most of the 1980s.

These two shifts reflect the strategic adjustment under way in the big London offices of Wall Street's leading investment banks since the October market collapse. Volume has fallen, the markets are suddenly crowded with dealers and foreign investors are skittish about holding dollars. Fighting for a share of the international capital markets against the Japanese and others no longer seems a profitable formula for most U.S. securities houses.

Instead, the drift is now toward fee-earning corporate finance activities. Advising clients on corporate takeovers is the leading example.

Cost-cutting was the first reaction to the sharp slowdown in business in the months after the October market upset, and the burgeoning London units were obvious candidates. The London offices of major Wall Street investment banks had typically tripled or quadrupled in size over the past four years, so the staff cuts ranged up to more than 10 percent of the total payroll.

Some of the most dramatic changes have been at the top. Most of the big investment banks have undergone top-level resignations in their London units or dispatched senior executives from New York, including Salomon Brothers, Morgan Stanley, Merrill Lynch and Shearson Lehman Hutton.

Yet despite cutbacks, investment bankers say they remain committed to the concept of retaining an integrated operation in all the major capital markets in London. The teams may be smaller, but they insist they will continue to sell, trade and conduct research on equities, British government bonds and Eurobonds.

"We have not dropped any of our businesses or pulled out of any markets," said Stanislas Yassukovich, chairman of Merrill Lynch Europe Ltd., whose London staff has been trimmed more than 10 percent to 1,400 since early this year. "What we have done is made adjustments as changes in activity warrant."

Even though cost control is in vogue within investment banks, there is a discernible reluctance on the part of senior executives to get carried away with cutbacks for fear of permanently damaging their competitive position.

"You can't be on the periphery of a business," said Charles McVeigh 3d, managing director of Salomon Brothers International Ltd. in London. "That is a prescription for disaster."

This reasoning rests on the crucial assumption that the sharp fall in trading activity in securities and the return by investors to their home markets after the October downturn is a temporary phenomenon. Most outside analysts agree.

"I don't see the events of the past year bringing a sea change for these firms internationally," said Samuel Hayes 3d, professor of investment banking at the Harvard Business School. "They were enormously overextended, having grown incredibly in London. So there was a lot of fat there — and there's more left to go. But the forces of technology, deregulation and the internationalization of business generally..."

See GOLDMAN, Page 19

Financial Advisers in UK Public Takeovers

Number of deals during the first quarter of 1988, and their value in billions of pounds sterling. (£1 = \$1.80).

Table with 3 columns: Firm Name, Number of deals, Value of deals. Includes Goldman Sachs International, Morgan Grenfell, Shearson Lehman Hutton International, Kleinwort Benson, Schroders, N.M. Rothschild, Lazard Brothers, Lazard Freres, S.G. Warburg, Samuel Montagu.

Leading Managers on International Equity Issues

Value of major issues in 1988, through the first week in June, in millions of US dollars.

Table with 3 columns: Firm Name, Number of issues, Value of issues. Includes Goldman Sachs International, Drexel Burnham Lambert, Shearson Lehman Hutton International, Deutsche Bank, Nomura.

GATT Panel To Investigate EC Subsidies

GENEVA — The General Agreement on Tariffs and Trade, deciding Thursday to appoint a dispute panel to investigate a U.S. complaint that certain European Community farm subsidies violate free trade rules.

The panel will examine allegations that EC subsidies on oilseeds violate GATT regulations and are directly responsible for a substantial decline in U.S. soybean exports to Europe.

The decision by the 96-nation trade organization represented a victory for the Reagan administration, which has been pressing the EC to set a specific timetable for the elimination of all farm subsidies. The community has argued instead for the negotiation of short-term reductions in the payouts.

Tensions between the two sides have sharpened since June 6, when the 12-nation trading bloc and Washington failed in talks to resolve their conflict on oilseeds.

According to a senior delegate, GATT overrode objections from France in setting up the dispute panel Thursday, although such bodies normally are established by consensus of the parties involved. France is the EC's leading agricultural producer.

In a heated procedural debate, the French envoy to GATT, Jean-Francois Boivin, said the issue was too important to submit to a dispute panel and insisted there was no consensus.

But Tran Van-Thinh, the EC ambassador to GATT, agreed to the proposed panel. GATT ruled that under past practice, all EC members could be bound to its decision.

Mr. Tran added, however, that he believed it would be a mistake to use such a forum to resolve a policy affecting the livelihood of 11 million EC farmers.

The EC envoy said that such issues should be negotiated in the current four-year "Uruguay round" of GATT talks, which are generally aimed at reducing trade distortions worldwide.

An EC delegate said the community probably would respond to the latest U.S. maneuver by requesting that a GATT dispute panel investigate American import restrictions on sugar, dairy products, beef and peanuts.

Under an export enhancement program launched in 1985, the United States offers bonuses in the form of surplus government commodities to companies reaching agreements with overseas buyers.

U.K. Reports Doubling of Trade Deficit

LONDON — The deficit in Britain's current account doubled to £2.8 billion (\$5 billion) in the first quarter, reflecting wider deficits in merchandise trade and travel, the government said Thursday.

The deficit compared with a £1.4 billion shortfall in the final quarter of 1987, revised upward, and a surplus of £975 million in the first quarter of last year, the Central Statistics Office said. In addition to measuring merchandise trade, current account includes "invisible" such as financial services and tourism.

The nation's deficit in the trade of goods widened to £4 billion in the first quarter, from deficits of £3 billion in the fourth quarter of 1987 and £1.2 billion a year earlier.

Invisible trade was in surplus by £1.2 billion in the first quarter, but that represented a decline from surpluses of £1.6 billion in the previous quarter and £2.2 billion a year earlier.

The chancellor of the Exchequer, Nigel Lawson, said it was likely his forecast for 1988's current account deficit would need to be revised upward. The government had forecast a £4 billion deficit.

In other economic data, the government said that Britain's unemployment rate fell to 8.7 percent last month from 8.8 percent in April.

U.S. Perspective on EC Is Limited, Survey Finds

Few Aware Of Single-Market Plan

By Barry James

International Herald Tribune

PARIS — Only one in five U.S. "opinion leaders" is aware that the European Community plans to become a single market, 30 percent bigger than that of the United States, by the end of 1992, according to a recent survey.

The most serious implication for the United States is that American leaders in business and government are evaluating the business climate of Europe on the basis of a fragmented and obsolete perspective, said a report released with the survey, which was commissioned by Adams & Rinehart Inc., a corporate and financial public relations firm in New York.

"American business executives need to become better informed about the profound changes that will soon transform" the EC, the report said. "Equally important, they will need to explain these changes to the investors and government policy makers who affect their ability to compete effectively in a rapidly changing world economy."

George Sard, president of Adams & Rinehart, said: "Frankly, we found it shocking that the single most important subject in the European Community has such a low level of awareness among the people here who ought to know it."

"And if only 20 percent of this group know, you can only guess what percentage of the general public is aware of the change," he added in a telephone interview.

The questions about the EC formed part of a broad survey on the economy and business. Those polled included 100 business and financial executives, 100 federal and state legislators, 100 federal and state officials, 100 representatives of national and local media and 100 representatives of economic-interest groups or universities.

Of the business leaders, 36 said they had at least heard of the single-market proposal, compared with 22 percent for the whole sample.

But almost all of those surveyed said it was likely that U.S. companies would intensify their marketing efforts in Europe over the next four years. And nearly two out of three said they thought U.S. companies would attempt to acquire or merge with European companies.

Jonathan Rinehart, chairman of Adams & Rinehart, said the survey indicated that U.S. companies that are changing their strategies to adjust to the advent of a unified market of 320 million consumers "face a big challenge in the United States because they will be making major investments for reasons that are little understood."

In response to a question about which European countries offered the best prospects for U.S. companies, the replies were: West Germany, 36 percent; Britain, 16 percent; France, 11 percent; Spain, 7 percent and Italy, 3 percent.

The report said Europeans might be dissuayed by U.S. ignorance about the EC's growing potential, but added, "Those who successfully communicate the increased opportunities for trans-Atlantic trade to U.S. leaders are likely to generate significant American business from the creation of a single European market."

Industry in U.S. Operated At 82.9% of Capacity in May

Compiled by Our Staff From Dispatches

WASHINGTON — American factories, mines and utilities operated in May at 82.9 percent of capacity, the highest level in more than eight years, the Federal Reserve Board said Thursday.

The Commerce Department also reported that business inventories rose a moderate 0.5 percent in April as business sales slackened somewhat from their hectic pace of March.

The rise in the use of industrial capacity from the April level of 82.7 percent put it at its highest level since March 1980, when the rate was 83.7 percent.

It was the sixth increase in eight months. Operating rates rose by 3 percentage points in April, after dropping 1 percentage point in February and remaining unchanged in March.

The May advance was led by gains in the production of autos and parts, primary metals such as steel, and in fabricated metal products. It was the third consecutive steep monthly rise at motor vehicle and parts plants, where operating rates were 83.9 percent, compared with 76.8 percent in February.

The May level of 82.9 percent was 3 percentage points higher than the 79.9 percent rate a year ago, but analysts generally do not consider the overall operating rate to be inflationary until it reaches 85 percent.

(AP, UPI)

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Currency Rates

Table with 4 columns: Currency, Bid, Ask, and other rates. Includes Dollar, Euro, Swiss Franc, etc.

Interest Rates

Table with 4 columns: Term, Rate, and other interest rate data. Includes 30-day, 60-day, 90-day, etc.

Asian Dollar Deposits

Table with 4 columns: Term, Rate, and other Asian Dollar deposit data.

U.S. Money Market Funds

Table with 4 columns: Fund Name, Assets, and other U.S. Money Market Fund data.

Gold

Table with 4 columns: Price, and other Gold market data.

CURRENCY MARKETS

Dollar Falls in N.Y. on Profit-Taking, Rate Fears

Compiled by Our Staff From Dispatches

NEW YORK — The dollar ended lower Thursday in New York, failing to break out of a narrow trading range after a two-day advance.

Pressure came from profit-taking, speculation that foreign interest rates would rise and the market's fear of intervention by central banks, particularly the Bundesbank.

Dealers in Frankfurt said the Bundesbank intervened at least once for the third straight day with a reported dollar sale of \$53.2 million. Some analysts dismissed the action, saying it was not a tool to control the dollar, but aimed primarily at shoring up the Deutsche mark.

Axel Coym, a foreign exchange analyst at Westpac Banking Corp., said, "People are looking to move into yen and out of marks." He called the mark a "very weak currency."

The dollar closed at 1.7503 DM, down from 1.7543 DM on Wednesday, and at 125.55 yen, down from 126.325.

It slipped to 1.4565 Swiss francs from 1.4680 and dipped to 5.901

London Dollar Rates

Table with columns: Currency, Thru, Wed, Thu. Rows include Deutsche mark, French franc, Japanese yen, Swiss franc, French franc.

French francs from 5.9125. The British pound edged up to \$1.7915 from \$1.787.

The dollar ended mixed earlier in Europe, firming against the mark despite intervention by the Bundesbank.

"It's a weak mark," said one U.S. bank trader, who reported heavy buying of yen in Europe. A British bank trader noted that "the market just wants to take the dollar higher. There's a lot of trading going on today."

The dollar closed in London at 1.7535 DM, up from 1.7520 on Wednesday. But it eased to 125.65 yen from 126.25 and to 1.4605 Swiss francs from 1.4660. It rose to 5.9125 French francs from 5.9105.

The pound edged down to \$1.7860 from \$1.7865. Although it began both the New

York and London sessions lower, the dollar regained some ground because of the market's underlying bullishness, aided by positive remarks on exchange rates by the U.S. Treasury secretary, James A. Baker 3d.

"It seems the dollar has become well bid with Baker's remarks," a currency market analyst said at one point.

The dollar began the session lower, hurt by profit-taking by Japanese exporters, Bundesbank dollar sales and speculation that short-term interest rates in West Germany and Japan would soon rise, dealers said.

The Bundesbank sold dollars for marks on the open market when the U.S. currency was trading just below 1.75, dealers in Europe said.

Meanwhile, an article in the Handelsblatt daily business newspaper stating that the Bundesbank would raise the rate at which it allocates funds to the West German market to 3.5 percent from 3.25 percent, stoked speculation that West German interest rates would soon rise.

The Bundesbank said it would remain flexible in setting the terms

Shell, Petrofina Sign Pact To Seek Oil Off Vietnam

Agence France-Press

HANOI — Vietnam signed a \$70 million oil exploration contract Thursday with Royal Dutch/Shell Group and Petrofina SA, the first offshore arrangement concluded with Western companies since the country was unified in 1975.

The 25-year contract, which involves three exploration blocks in the South China Sea, was also the first major deal signed with Western concern since Vietnam's foreign investment code was adopted in December. The code allows wholly owned foreign ventures to operate in Vietnam.

"The consortium is committed to spend \$70 million during the first five years of the exploration period," a statement from the government affiliate Petro-Vietnam said.

Douglas Wayne Elenor, managing director of Shell Exploration, said his company planned to set up a company called Shell Vietnam in Ho Chi Minh City, headed by the Anglo-Dutch company's current representative in Bangladesh, Thomas Duers.

The consortium is responsible for all investments during the exploration period and industry sources said operations could begin as early as next month.

"In case of commercial discovery, the consortium shall make further capital and technology available," the Petro-Vietnam statement said.

Petrofina of Belgium and Shell have been negotiating for blocks 12, 14 and 16 off Da Nang, in central Vietnam, for about four years. The exploration field measures about 15,000 square kilometers (5,700 square miles).

On May 19, Petro-Vietnam signed an exploration contract with the Oil and Natural Gas Commission of India for three blocks off southern Vietnam. Sources said the commission is to invest \$20 million dollars for exploration.

The Soviet Union was previously the only country to maintain oil technicians in Vietnam. It operates through Vietsoviet, a Vietnamese-Soviet joint venture.

TEXACO: Saudis Set Venture

(Continued from page 1)

State-run Kuwait Petroleum Corp. acquired refining and marketing interests from Gulf Oil Co. in the Netherlands, Belgium, Luxembourg, Sweden, Denmark and Italy in 1983 and 1984. It operates under the brand name Q8. The Kuwait Investment Office, a state agency, also owns about one-fifth of British Petroleum Co.

Venezuela has two U.S. joint ventures, established in 1986 and 1987. One is a refinery operation with Champlain Petroleum Co. and the other is Citgo, which is half-owned by Southland Corp. The country also has refining interests in West Germany and Sweden.

Texaco, the third-largest U.S. oil company, has been an operating partner of the Arabian American Oil Co. since it was established in the 1930s. Saudi Arabia has acquired the company from its four former owners, Texaco, Exxon Corp., Mobil Corp. and Chevron Corp., but they still provide management and technical assistance.

"Texaco is the natural partner for Saudi Arabia because of the company's known experience in the refining industry in addition to the trained workers and laborers it has and its historic relationship with the kingdom," Mr. Nazer was quoted as saying by the official Saudi Press Agency.

Philip Verleger, senior oil economist with the Institute for International Economics in Washington, said the move was of strategic importance to Saudi Arabia.

"It assures the Saudis that they can count on a relatively stable flow of income from part of their oil exports," he said.

"With the continuing expansion of the U.S. economy, U.S. refining and marketing profit margins are looking strong and over the next few years will look very strong indeed, particularly in gasoline sales during the summer months," he said.

Guy Bishop, an analyst with

Carnikow Futures Inc. in New York said the sale would force American refiners to become more competitive, "which will have obvious benefits for the U.S. economy."

A Saudi diplomatic source was asked not to be identified as a member of the Reagan administration had previously been a part of the agreement, which was signed Wednesday in New York. He said Saudi motivations for the transaction were threefold.

"The government wanted to get value added for its crude and wanted to go downstream to be assured of a sufficient base revenue of crude sales in light of OPEC price uncertainty," he said.

"Second," he said, "it has seen what Kuwait has done downstream in Europe and was impressed as finally, the Saudis are fed up to the gills with cheating within OPEC."

The third point referred to other OPEC countries exceeding the output quotas mandated by the cartel.

The Saudi source said the kingdom was likely to establish joint ventures in Europe and the Far East within two or three years.

Besides its restructuring, some of the proceeds from Texaco sales are to finance a \$3 billion out-of-court settlement with Pennzoil Co. that ended a legal dispute over ownership of Getty Oil Co.

Texaco shareholders are to vote Friday at the company's annual meeting in Tulsa, Oklahoma, on whether to support Mr. Icahn's proxy battle to obtain five seats on Texaco's 14 member-board.

Mr. Icahn has offered \$60 a share in Texaco, valuing the group at \$14 billion, in what is a record bid for U.S. companies.

Peter Marnett, a Texaco spokesman who is in Tulsa, said the deal was probably worth \$5 billion to Texaco when you take the \$300 million from the sale of physical assets, plus the release of inventory which produces cash and then the added reduction in working capital."

Argentina Said to Consider Suspending Debt Payments

Buenos Aires — Argentina may halt foreign debt payments if creditors do not provide new loans. Economy Ministry sources say.

Argentina wants \$1.5 billion in loans from commercial banks and \$1.2 billion from the International Monetary Fund to help pay \$4.9 billion annual debt-servicing costs on its \$56 billion foreign debt.

In New York, stocks in U.S. banks slid on reports that loans to Argentina would be put on a non-accrual basis, meaning payments would not be credited until received. Wells Fargo & Co. reportedly has begun putting \$125 million of loans on a cash basis.

Wells Fargo officials were not available for comment. But Citicorp, Chemical New York Corp. and Manufacturers Hanover Corp. said they had not placed Argentina's loans on a non-accrual basis.

JAPAN: GNP Rises at 11.3% Rate

(Continued from page 1)

months. But the GNP deflator, an inflation measure incorporating both retail and wholesale prices, dropped 0.1 percent in the first quarter, indicating the first fall in prices since Japan began using the statistical barometer in the 1950s.

The decline indicated that lower import costs due to the yen's strength against the dollar and other currencies had more than offset upward pressure on prices due to domestic supply shortages, economists said, although some continue to harbor inflation worries.

The strongest components of the

Korean Refinery Buys Chinese Crude

SEOUL — A South Korean petrochemical refinery has purchased crude oil directly from China for the first time, a refinery official said here Thursday.

Houam Oil Refinery Co. purchased 380,000 barrels of heavy crude oil from China, according to the official. He said the price was \$14.90 per barrel on a cost, insurance and freight basis.

The oil is to be shipped at the

end of this month directly from a Chinese port to South Korea, the official said.

He added that another local refinery, Kukdong, also planned to buy Chinese crude.

The Chinese petroleum is 50 cents less expensive per barrel than comparable Indonesian oil.

South Korea is said to be eager to improve its ties with China. The two countries do not have diplomatic relations.

Thursday's OTC Prices

MASDAQ prices as of 4 p.m. New York time. This list, compiled by the AP, consists of the 1,000 most traded stocks in terms of dollar volume. It is carried in terms of dollar volume.

Via The Associated Press

Large table of OTC stock prices with columns for stock symbols, prices, and changes.

Table of stock prices with columns for stock symbols, prices, and changes.

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Table of stock prices with columns for stock symbols, prices, and changes.

Thursday's AMEX Closing. Tables include the nationwide price up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press.

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Knobler

# British Gas Posts Flat Annual Profit

**Reuters**  
LONDON — British Gas PLC reported Thursday that its net profit edged up 1.6 percent to £286 million (\$146 million) in the 12 months ended March 31, its first full fiscal year since it was privatized by the government.

The utility, which dominates consumer and industrial gas supply in Britain, said the latest results pointed to underlying growth despite low gas prices and a mild winter.

The earnings, reported on a historic-cost basis, amounted to 19.7 pence a share against 19.3 pence in the previous year. British Gas, which was dematerialized in December 1986, reported a net profit of £283 million in the year ended March 31, 1987.

On a replacement-cost basis, which factors out erratic movements in the value of fuel inventories, the company's net income edged marginally in the latest fiscal year to £269 million from £271 million.

Sales fell 3.2 percent, to £7.36 billion from £7.61 billion. But analysts said that income was above expectations, and that it would boost their profit forecasts for the utility's current fiscal year.

"They are very good numbers," said Chris Grudniewicz, of the stockbrokers Smith New Court L.C. "Despite the weather they showed good growth."

The results buoyed shares in British Gas by 6 pence to 184.5 pence on the London Stock Exchange.

The earnings also reflected an adjustment for interest payments due by British Gas on a £2.5 billion government debenture that ended part of the privatization. He utility said the full-year effect of the debenture changed net interest

to a \$68 million cost from income of £49 million the previous year.

The company said that a mild winter and a reduction in gas tariffs depressed its gas sales by £282 million to £6.57 billion. If normal winter temperatures had prevailed, British Gas said, the volume of gas sales would have risen nearly 4 percent.

The data "demonstrate achievement of underlying growth in spite of mild winter weather and continued volatility in the price of oil," said the company's chairman, Sir Dennis Rooke.

British Gas declared a final dividend of 5.5 pence payable Oct. 5 to shareholders of record on Aug. 12, for a total dividend of 8 pence.

In the year ended in March, the utility gained more than 250,000 new customers and installed about 600,000 new gas central heating

systems. It said its industrial markets saw an actual growth rate in volume of 4.4 percent.

British Gas, which has been seeking to expand its exploration activities in oil and gas since it was privatized, said that growth in the area led to a change in accounting procedures that also cut profit.

The company acquired 51 percent of Canada's Bow Valley Industries Ltd. during the year and purchased onshore exploration interests in France. On June 3, it offered £370 million for Acre Oil PLC, a British independent operating in the North Sea.

The company reported a pretax profit of £1.26 billion on a historic-cost basis for the year ended in March, down 2.3 percent from £1.29 billion the previous year.

Pretax profit on a replacement-cost basis fell 4.7 percent, to £1.01 billion from £1.06 billion.

# Airbus Reportedly Received Approval for East Bloc Sale

**Reuters**  
PARIS — Airbus Industrie has received approval to sell airliners to the East bloc, diplomatic sources said Thursday.

The aerospace consortium's main rival, Boeing Co., is still awaiting clearance from the Coordinating Committee for Mutual Export Control, which regulates strategic exports from the North Atlantic Treaty Organization and Japan to Soviet bloc countries.

The sources said the agency decided at a weekly meeting to allow Airbus to sell three of its A-310 medium-range jets to East Germany's Interflug airline, provided the planes are serviced in the West.

"The Japanese were the last to clear Airbus, but there are still a couple of countries asking questions about Boeing," one diplomat said. He said that approval of sales of Boeing 767 airliners to Poland and Romania was expected within two weeks.

The decision clears the way for the first sales of Western high-technology planes to the East. Both airlines carry sophisticated avionics that could be used in military planes.

The sources said that Lufthansa, the West German airline, would provide all servicing on Interflug's new Airbus to avoid the risk of sensitive technology being used for military ends.

# GE to Buy Resins Unit Of Borg for \$2.3 Billion

**The Associated Press**  
NEW YORK — General Electric Co. has signed a definitive agreement to buy Borg-Warner Corp.'s chemical business for \$2.3 billion in cash, the companies announced Thursday.

The deal will swell the size of one of GE's fastest-growing businesses while helping Borg-Warner pay off the large debt it took on last year when it went private in a leveraged buyout to avoid a takeover by GAF Corp.

The Borg-Warner chemical business, headquartered in Parkersburg, West Virginia, had sales of \$1.25 billion in 1987. It is the worldwide leader in resins for a kind of plastic, ABS, that is widely used as a substitute for metal or glass.

"This acquisition is an important step in our worldwide materials strategy," Glen Hiner, senior vice president for GE Plastics, said in a news release.

GE said it expected the purchase to add about 5 cents a share to its profit in 1989 after all acquisition costs are paid.

For Borg-Warner, the sale, along with other asset sales, "moves us closer to eliminating our considerable debt burden and gives us the financial strength to continue to grow our other two world-class companies," said James F. Bere, Borg-Warner's chairman and chief executive.

Borg-Warner's other businesses are automotive components and information and protective services. The company went private last year in a leveraged buyout led by Merrill Lynch Capital Partners that was valued at more than \$4 billion. Merrill Lynch owns 51 percent of Borg-Warner's stock.

Borg-Warner is well on the way to achieving its goal of paying off all its bank debt by the end of 1988, a spokesman said. Among other asset sales, the company sold BWAC Inc., a finance unit, for \$782.5 million to Transamerica Inc. and Chilton Corp., its credit-reporting subsidiary, to TRW Inc. for \$360 million.

GE has been rapidly expanding its GE Plastics units, which expect sales of nearly \$3 billion this year. It invested \$325 million last year in a new polycarbonate plant in Burkville, Alabama, and will double the size of the plant by 1990 at a cost of \$315 million.

In May, GE Silicones announced an agreement to combine with Union Carbide Corp.'s silicones business to form GE Carbide Silicones Inc., a joint venture with annual sales of about \$750 million.

Borg-Warner's chemical specialty, ABS, which stands for acrylonitrile butadiene styrene, is a thermoplastic with strength and molding characteristics that make it popular for such uses as computer housings, helmets and car parts.

The transaction is subject to government approval and is expected to be completed by the end of 1988.

# WATCH: Dow Chemical's New Mix

**(Continued from first finance page)**  
income, down 13 percentage points from the year before.

The company, based in Midland, Michigan, has moved much of its manufacturing overseas. That allows it to supply customers from whatever source is cheapest at a given time, taking into account transportation costs and exchange rates.

Dow now derives 55 percent of its revenue from overseas operations, which helps cushion it against a domestic downturn while giving its foreign-currency profits a ride on the dollar.

"Our historical growth rate, from 1975 to 1987, was 9.5 percent," said Sara Opperman, a spokeswoman for Dow. "We expect that to rise to 10.5 percent for the next seven years."

Barring any major acquisitions and figuring an annual inflation rate of 5 percent, Dow's annual revenue should reach \$30 billion by 1995, more than twice the \$13.4 billion posted in 1987.

Dow made its last acquisition in September, when it bought Lamaur Inc., a shampoo company, for \$174 million.

Ted Semagran, a senior vice president at Shearson Lehman Hutton, said he expected Dow's revenue to rise about 18 percent this year.

He said Dow had predicted only a 10 percent average price increase for its commodity chemicals. But the forecast was raised after the explosion last month of a Shell Oil Co. refinery in Louisiana, which hobbled a nearby ethylene plant.

Ethylene, a building block of plastic, is a Dow staple. Since the plant was producing at nearly 100 percent capacity before the explosion, ethylene is now in such short supply that prices have jumped enormously, Mr. Semagran said.

**Mazda's Parent Profit More Than Doubles**  
**Reuters**  
TOKYO — Mazda Motor Corp. reported Thursday that its parent company had current profit of 10.78 billion yen (\$85.2 million) in the six months ended April 30, up 114 percent from the 5.03 billion reported in the comparable period last year.

Earnings per share rose to 4.61 yen from 1.66 yen. Sales increased 10 percent to 884.79 billion yen, and net income was up 179 percent to 4.44 billion yen. The company said it expected continued good domestic sales and success in overseas projects.

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### KNOEDLER-MODARCO LTD. 1987 DIVIDEND

The Annual ordinary meeting of stockholders of KNOEDLER-MODARCO LTD. held on June 1, 1988 in New York, has decided to pay a dividend of US\$9. per common share of US\$100. per value on 1987 profits.

The dividend is payable at the Banque PARIBAS (SUISSE) S.A., 2, place de Hollande, 1204 Geneva, (and its branches in Basel, Lugano and Zurich) as from June 7, 1988 against remittance of coupon No. 1.

Stockholders are reminded that shares of KNOEDLER-MODARCO S.A. may be exchanged on a one-to-one basis upon presentation of said shares at Banque PARIBAS (SUISSE) S.A. for receipt of new shares of KNOEDLER-MODARCO LTD. which is the successor of business of KNOEDLER-MODARCO S.A.

### FIDELITY BALANCED PORTFOLIO

Société d'Investissement à Capital Variable

13, boulevard de la Foire, L.C. Luxembourg B 25918

#### NOTICE OF GENERAL MEETING

A General Meeting of shareholders was scheduled for May 26, 1988, the agenda of which required, for one of its points, a quorum. As this quorum was not present or represented on that date, the meeting was adjourned with respect to the entire agenda.

Notice is hereby given that a second Annual General Shareholders Meeting of FIDELITY BALANCED PORTFOLIO, a société d'investissement à capital variable organized under the laws of the Grand Duchy of Luxembourg (the "Fund"), will be held at the principal and registered office of the Fund, 13, Boulevard de la Foire, Luxembourg, at 11:00 a.m. on July 15, 1988, with the following agenda:

1. Presentation of the Report of the Board of Directors;
2. Presentation of the Report of the Statutory Auditor;
3. Approval of the balance sheet and income statement for the fiscal year ended January 31, 1988;
4. Election of seven (7) Directors, specifically the reelection of the following seven (7) present Directors: Messrs. Edward C. Johnson Sr., William L. Byrnes, Charles A. Fraser, Hisashi Karakawa, John M.S. Paston, H.F. van den Hoven and Compagnie Fiduciaire;
5. Election of the Statutory Auditor, specifically the election of Coopers & Lybrand, Luxembourg;
6. Declaration of dividends on the Fund's Class A and Class B shares in respect of the Fiscal Year ended January 31, 1988;
7. Proposal, recommended by the Board, to amend the provisions of Articles 7 and 8 of the Fund's Articles of Incorporation which presently provide that any owner of either or both Class A and Class B shares which constitute in the aggregate more than 3% of the number in the aggregate of shares of both classes the Fund is authorized to issue, may be required by the Fund to redeem that excess amount. The Board recommends that the provisions be amended to permit the Fund to require any beneficial owner of either or both Class A and Class B shares which constitute at any time in the aggregate more than 3% of the aggregate outstanding shares of both classes to redeem the excess;
8. Consideration of such business as may properly come before the meeting.

The conduct of the shareholder's meeting shall be governed by the quorums required by law. Shareholders are advised that under Luxembourg law no minimum number of shares will be required to be present or represented in order for a quorum to be present at this meeting or for valid decisions to be taken on the items of the agenda. Resolutions to be proposed on Item 7 of the agenda will require the concurrence of two thirds of the total number of shares represented at the meeting. Subject to the limitations imposed by the Articles of Incorporation of the Fund, each share is entitled to one vote. A shareholder may act at any meeting by proxy.

Dated: June 9, 1988 By order of the Board of Directors

# Floating-Rate Notes

June 16	
Dollars	
Issuer/Note	Current Yield Bid Ask
1st Nat'l	7.75 10.12 10.15
2nd Nat'l	7.75 10.12 10.15
3rd Nat'l	7.75 10.12 10.15
4th Nat'l	7.75 10.12 10.15
5th Nat'l	7.75 10.12 10.15
6th Nat'l	7.75 10.12 10.15
7th Nat'l	7.75 10.12 10.15
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41st Nat'l	7.75 10.12 10.15
42nd Nat'l	7.75 10.12 10.15
43rd Nat'l	7.75 10.12 10.15
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46th Nat'l	7.75 10.12 10.15
47th Nat'l	7.75 10.12 10.15
48th Nat'l	7.75 10.12 10.15
49th Nat'l	7.75 10.12 10.15
50th Nat'l	7.75 10.12 10.15

Pounds Sterling	
Issuer/Note	Current Yield Bid Ask
1st Nat'l	7.75 10.12 10.15
2nd Nat'l	7.75 10.12 10.15
3rd Nat'l	7.75 10.12 10.15
4th Nat'l	7.75 10.12 10.15
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49th Nat'l	7.75 10.12 10.15
50th Nat'l	7.75 10.12 10.15

### Knoedler Modarco S.A.

NOTICE OF HOLDERS OF BEARER CERTIFICATES IN KNOEDLER-MODARCO S.A.

As part of its reorganization, the name and registered office of the company have changed. Holders of old bearer certificates in Knoedler-Modarco S.A. are hereby encouraged to exchange their old certificates in Knoedler-Modarco S.A. for new bearer certificates in Knoedler-Modarco Ltd. The new bearer certificates in Knoedler-Modarco Ltd. with coupons Nos. 1-20 attached thereto can be obtained free of charge as at directly at the head office of:

Banque Paribas (Suisse) S.A. By order of the Board of Directors  
2, Place de Hollande Dr. Armand HANDEK  
1204 Geneva Chairman

# Agnelli Unit to Buy Into Fireman's Fund

**Reuters**  
GREENWICH, Connecticut — Fireman's Fund Corp. said Thursday it would sell a block of stock worth \$300 million to Agnelli Industrial Group S.A., a member of the Agnelli industrial group of Italy.

The sale of stock in the U.S. insurance company will mark a partnership change that has been expected since American Express Co., which was the major shareholder in Fireman's Fund, began in recent years to liquidate its holdings.

Fireman's Fund now has about 48.4 million shares outstanding following completion of repurchase programs, a spokeswoman said.

Fireman's Fund said it had reached an agreement with Int'l limiting Int'l's acquisition and disposal of Fireman's Fund securities for seven years. Int'l has also agreed to vote its shares in accordance with recommendations of the Fireman's Fund's board.

The insurance company said the preferred shares being sold carry a 6.5 percent annual dividend yield for seven years and are convertible into common stock at \$42 each during the first five years; at \$44.73 during the sixth year; and at \$47.64 in the seventh.

Int'l was founded in 1964 by Istituto Finanziario Industriale SpA, the Italy-based holding company of the Agnelli group and the controlling shareholder of Fiat SpA.

Fireman's Fund said that "over the last few months, we have taken a large block of stock out of the hands of a friendly long-term partner, American Express Co., who decided they wanted out, and placed essentially those shares in the hands of a new partner who wants to be with us for the next hundred years."

Employees own about 10 percent of Telémecanique's stock.

men and women who should be taken into consideration," he said. Telémecanique's employees have vehemently opposed a takeover by Schneider, staging several protest demonstrations in Paris.

In a last-ditch effort to thwart Schneider, Telémecanique sought to put together an 8 billion franc management buyout, but unions rejected it, saying the deal would be ruinous and ineffective.

Employees own about 10 percent of Telémecanique's stock.

Earlier on Thursday, Finance Minister Pierre Bérégovoy of France appeared to be critical of the way the Bourse authorities oversaw the takeover bidding.

"A company is not simply a question of capital. There are also

criticized at the time by some rivals and in the trade press for its lack of aggression and a strategy that would make it a second-class citizen among Eurobond underwriters.

Others now seem to be moving in the same direction.

"A lot of our competitors were

putting their chips on the Euro-bond business," explained Robert Conway, managing director in charge of the Goldman Sachs office in London. "But buying market share in the Eurobond market is not the way you build relationships. And we want to be in a position where we are offering clients something other than our balance sheet."

The London unit of Goldman Sachs, to be sure, expanded to rapidly. It grew from 140 people four years ago to a peak of 800

# SCHNEIDER: Offer Cleared

**(Continued from first finance page)**  
24.7 percent of Telémecanique at the two-tier price offer.

Compagnie Générale refused to pay more than 4,500 francs per share.

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The London unit of Goldman Sachs, to be sure, expanded to rapidly. It grew from 140 people four years ago to a peak of 800

value-added image international.

The mergers and acquisition field is its clearest success in fee-earning activities. In the first quarter, Goldman Sachs was the adviser on British takeover deals valued at \$5.85 billion, placing the firm at the top, ahead of Morgan Grenfell Group PLC.

Because Goldman Sachs is now involved in the largest takeover battle in the second quarter, representing Rowntree P.L.C., a British



**'We have not pulled out of any markets. We have made adjustments as changes in activity warrant.'**

Stanislav Yasukovich, Merrill Lynch Europe

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OBSERVER

Yale's Barefoot Boy

By Russell Baker
NEW YORK — George Bush ought to be as electable as the next man in this year of the indifferent electorate, but it does him no good to pretend he is not George Bush.

look embarrassed, but only because their instinctive gentleman's code forbade scowling at a vice president while the cameras were working.

Ionesco and Useless Necessity

By Mervyn Rothstein
NEW YORK — Eugene Ionesco was listing his compatriots in the Theater of the Absurd: Beckett, Genet, Adamov, Shakespeare.



Ionesco: Shakespeare got there first.

sands of years," he said. "There's no reason for this to change."
But why do they need theater?
"For nothing," he said. "The theater is useless, but its uselessness is indispensable."

'Mr. Smith' at It Again

Almost 50 years ago, James Stewart, as the idealistic hero of "Mr. Smith Goes to Washington," came to the capital to battle corruption.

Connecticut superior court site of a trial for asserted breach of contract in which Newman was sued-dressing company, King Inc. are defendants.

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GENERAL POSITIONS AVAILABLE
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EMPLOYMENT
GENERAL POSITIONS WANTED
SWISS GRADUATE FROM GENEVA UNIVERSITY, 23, is seeking an administrative position.

EMPLOYMENT
GENERAL POSITIONS WANTED
ATtractive lady, cultured, fresh, bilingual, seeks position on personal assistant, travel companion.

SEE PAGE 6 FOR THE INTERNATIONAL REAL ESTATE MARKETPLACE AND PAGE 7 FOR REAL ESTATE IN SOUTHEAST FRANCE & MONACO

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